

Senate Hearings

Before the Committee on Appropriations

Department of the Interior and Related Agencies Appropriations

Fiscal Year 1979

95th CONGRESS, SECOND SESSION

H.R. 12932

Part 1 (Pages 1-1248)

- ADVISORY COUNCIL ON HISTORIC PRESERVATION
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- ✓ SMITHSONIAN INSTITUTION
- ✓ WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

**DEPARTMENT OF THE INTERIOR AND RELATED
AGENCIES APPROPRIATIONS FOR FISCAL
YEAR 1979**

THURSDAY, MARCH 16, 1978

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, D.C.***

The subcommittee met at 9 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senator Stevens.

Also present: Senator Goldwater.

SMITHSONIAN INSTITUTION

STATEMENT OF S. DILLON RIPLEY, SECRETARY

ACCOMPANIED BY:

JOHN F. JAMESON, ASSISTANT SECRETARY FOR ADMINISTRATION

CHARLES BLITZER, ASSISTANT SECRETARY FOR HISTORY AND ART

DAVID CHALLINOR, ASSISTANT SECRETARY FOR SCIENCE

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T. AMES WHEELER, TREASURER

RICHARD L. AULT, DIRECTOR OF SUPPORT ACTIVITIES

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THEODORE H. REED, DIRECTOR, NATIONAL ZOOLOGICAL PARK

JON E. YELLIN, DIRECTOR, OFFICE OF PROGRAMING AND BUDGET

OPENING REMARKS

Senator STEVENS. Good morning. I am sorry we are late.

We are scheduled today to hear the fiscal 1979 budget request of the Smithsonian Institution. The request totals \$109.8 million, which is an increase of \$10.5 million over appropriations to date. The budget also estimates net income of \$15.7 million and the program expenditure of \$9.5 million in trust funds. The trust expenditures are \$400,000 over the 1978 estimates. Finally, an estimated expenditure of \$11.5 million in Federal grants and contracts

is projected for fiscal year 1979. This is an increase of \$100,000 over 1978. The justification has been included in part 2 of the record.

1978 SUPPLEMENTAL REQUEST

In addition to the fiscal year 1979 request, we will also consider a fiscal year 1978 supplemental request of \$1.1 million for utility costs. We will include the supplemental justification in the record at this point.

[The justification follows:]

Justification

SMITHSONIAN INSTITUTION

Justification for an FY 1978 Supplemental Appropriation
for Utilities in the "Salaries and Expenses" Appropriation Account

Utilities Base.....	\$5,300,000
Supplemental Request.....	\$1,100,000
Total Utilities Request.....	\$6,400,000

A supplemental request in the amount of \$1,100,000 is being sought for FY 1978 to fund unanticipated higher costs of utilities, including steam, electricity, oil, and gas. These costs could not be projected with any degree of certainty within the time frame of the normal budget cycle. Unlike most Federal agencies, whose utility costs are paid through the General Services Administration as a factor of their total rental costs, the Smithsonian is billed directly by utility companies for the use of electricity, gas, and oil and directly by the General Services Administration for the use of steam. All the rate increases for which funds are now requested have occurred or are anticipated to occur since the FY 1978 budget was formulated and submitted to the Office of Management and Budget in September 1976.

Funds available to the Office of Plant Services in FY 1978 to fund the cost of utilities total some \$5.3 million.^{/1} Utilities costs for this period, however, are now estimated at some \$6.4 million. (Through January 31, costs incurred have totalled over \$2.2 million.) The development of these estimates has drawn upon past usage data, historical weather patterns, available information on rates from utility companies, and projected increases deemed likely as a result of the present energy situation.

In managing its utilities usage, the Institution must give primary consideration to the protection of exhibits, valuable objects, and sensitive exotic animals, many of which require climate control, and to the health and comfort of visitors and staff in major buildings on the Mall, at the National Zoo, and at several smaller field operations in various parts of the country.

In an effort to minimize the effect of uncontrollable utility rate increases, conservation efforts are vigorously pursued in all our activities. Lighting levels are continuing to be reduced in work spaces and, wherever possible, in public areas. Heating and air-conditioning systems are operated at the minimum levels required to prevent damage to the collections. Fans and other heavy consumers of electricity have been shut down during non-public hours and major air-conditioning systems are phased into operation to keep the peak demand rates to a minimum. An additional major effort to reduce utilities costs involves the installation of a computerized power

^{/1} In FY 1978, in an effort to promote greater efficiency in budgeting in this complex area, the Office of Plant Services (OPLANTS) assumed responsibility for the utilities accounts of almost all Smithsonian units, both on and off the Mall. Exceptions were made only for those units who pay utilities as part of their rental agreements or where the unit's distant location made such an arrangement unmanageable.

management system. This system minimizes costly peak load demand rates by cycling motors on and off on a prescheduled basis and, when necessary, selectively shutting down equipment before its operation can incur peak demand rates. Installed in the Museum of History and Technology in early 1975, this system was extended into the Arts and Industries, Smithsonian Institution, and Natural History Buildings in FY 1977 and is scheduled to be completed in the current year with installation in the National Air and Space Museum. It is estimated that in FY 1978, this system will reduce utility costs by approximately \$100,000. Through impact studies conducted to identify and correct sources of wasted energy and to evaluate energy use throughout the Institution, the Institution is constantly striving to improve its management of utility resources.

Substantial uncertainty is inevitable, however, in this fluid and unpredictable area of budgeting. In recent years utility rates (and related surcharges) have changed with little notice, and occasionally retroactively. Weather patterns in the past two years have varied dramatically from established norms. Moreover, usage requirements of new facilities (mostly at the National Zoological Park) are often difficult to estimate precisely. Consequently, should our cost estimates prove to be high as the fiscal year passes, we will reduce the estimate to Congress prior to the actual appropriation of funds or will return unrequired funds to the Treasury.

SALARIES AND EXPENSES
(Supplemental now requested, existing legislation)

Program and Financing (in thousands of dollars)

Identification code 33-0100-1-1-503	1977 actual	1978 estimate	1979 estimate
Program by activities:			
1. Science.....	...	7	...
2. History and Art.....	...	6	...
6. Administrative and Support Activities.....	...	1,087	...
10.00 Total program costs, funded-- obligations (object class 23.2).....	...	1,100	...
<u>Financing</u>			
40.00 <u>Budget authority (supplemental appropriation)</u>	...	1,100	...
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	...	1,100	...
90.00 Outlays.....	...	1,100	...

SMITHSONIAN INSTITUTION
SALARIES AND EXPENSES

For an additional amount for "Salaries and Expenses", \$1,100,000.

(Proposed language for Utility Supplemental Request, FY 1978)

OPENING STATEMENT

Senator STEVENS. We welcome you, Dr. Ripley, again before the committee. Your detailed opening statement will be printed in full in the record at this point.

[The statement follows:]

STATEMENT OF S. DILLON RIPLEY

Mr. Chairman and Members of the Subcommittee:

I welcome this opportunity to appear once again before you on behalf of the Smithsonian Institution.

We are here today to present our fiscal year 1979 budget request. We are also prepared to discuss the progress we have made in the past year in carrying out the recommendations of several review groups.

The Smithsonian Institution's fiscal year 1979 budget request is the product of a thorough analysis of our programs by managers at all levels. As a result of this analysis, we are proposing a number of adjustments to our base resources -- adjustments which will strengthen our programs and bring them in line with current areas of emphasis. Through these adjustments, we will be able to make essential improvements without the need for substantially increased resources. While immediate and long-range needs of the Institution are addressed, the budget before you today is extremely lean. It contains no frills. Our resource request largely reflects the need to consolidate our various programs in an orderly manner following the resplendent Bicentennial era.

Before highlighting the key themes in the budget, I would like to outline the steps we have taken in the past year to implement the recommendations contained in various studies of the Institution.

Progress in Implementing Recommendations of Various Reports

In the past year or so, there have been three comprehensive audits of the Smithsonian Institution as well as an examination of our banking practices. On March 31, 1977, the General Accounting Office issued a report "Need to Strengthen Financial Accountability to the Congress -- Smithsonian Institution." This report resulted from a request made in June of 1976 by the Chairman and Ranking Minority Member of the Senate Appropriations Subcommittee on the Department of the Interior and Related Agencies that the GAO review the fiscal policies and practices of the Institution to determine if appropriated funds were being used effectively and properly. While the GAO review was taking place, the Board of Regents at their January 1977 meeting voted to create an Audit and Review Committee and, under its auspices, conduct a study of the Smithsonian's relationship to the Federal Government. The Chairman of this Committee is our Regent Senator Henry M. Jackson. Mr. Philip S. Hughes, a consultant with a broad career of senior management service with the Office of Management and Budget and the General Accounting Office, was selected by the Audit and Review Committee to conduct the study. Following extensive conversations with members of Congress, their staffs, and others, Mr. Hughes completed his report which was reviewed and approved by the Board of Regents at its September 27, 1977 meeting. On September 20, 1977, the General Accounting Office issued its report on the Smithsonian Institution's trust funds banking practices and concluded that the Smithsonian has over the years adopted adequate procedures for the management of cash in its trust funds. Most recently, as a result of a request by the Chairman and members of the House Appropriations Subcommittee on Interior and Related Agencies, the Surveys and Investigations Staff of the House Appropriations Committee conducted a study of Smithsonian financial practices. The report was transmitted to the Smithsonian Institution for comment in January, 1978. I will summarize our comments after this statement. I would now like to detail the steps we have already taken to implement the recommendations of the GAO and Hughes Reports.

First, it should not go unnoticed that the GAO and Hughes Reports expressed a rather clear approbation of the Smithsonian Institution's programs and a general feeling that their quality is high. Further, no findings were made in any report that Smithsonian financial practices did not meet the highest standards of honesty and integrity.

Specifically, the GAO Report recommended the dissolution of two non-profit corporations established for specific purposes by the Institution, the Smithsonian Research Foundation and the Smithsonian Science Information Exchange. The report also recommended that the Institution provide the appropriations committees with information concerning the planned use of trust funds in conjunction with requests for Federal appropriations; that the Smithsonian Institution establish clear policies governing the use of Federal and trust funds; and that we work with the appropriation subcommittees to develop a systematic approach to making necessary adjustments during the year to Congressionally-approved budget amounts.

Mr. Hughes recommended a number of actions to improve the accountability of the Smithsonian to the Congress and to strengthen its internal management. The report recommended that the Regents and the Secretary should establish a five-year forward planning process covering all of the Institution's activities, and that the Institution should adopt the practice of a special review by the Regents or by their Executive Committee of any awards which the Secretary believes might be perceived by the Congress or the public as self-serving or inappropriate.

Concerning internal management matters, Mr. Hughes recommended that the Institution develop and keep current a comprehensive list of activities which it carries on; that an organization chart be maintained accurately and completely reflecting the structure of the Institution; that the Smithsonian develop and set forth in concise written form general policies for the use of its trust funds; that the Institution should fill the permanent position of Under Secretary which is currently vacant; and that the internal audit function should be strengthened.

Since these reports were issued, action has been taken on all recommendations. These are outlined as follows:

--Use of the Smithsonian Research Foundation has been terminated. All awards previously handled by the Foundation including research awards and special foreign currency grants are now administered as normal Federal allotments following all appropriate Federal personnel and procurement regulations.

--With regard to the Smithsonian Science Information Exchange, the Office of Management and Budget has recommended that no change in status be proposed pending the findings of the President's Reorganization Project this spring.

--A statement on policies and procedures governing the use of all funds has been prepared and reviewed by the Board of Regents, and submitted to this Committee. This statement also notes that any proposed expenditure of trust funds which may result in a significant requirement for future Federal dollars is to be brought to the attention of OMB and the Congress before any commitment is made.

--New reprogramming guidelines have been developed for all agencies under the purview of this Committee. We regard the guidelines as eminently reasonable. They provide us with the ability to make minor adjustments during the year, without sacrificing full accountability.

--A five-year forward planning process is under way. We are scheduled to have a consolidated planning document covering the entire Institution available by mid-April. Simultaneously, we are consolidating several existing documents into a current list of activities and developing up-to-date organization charts of the Institution and its component activities.

--A policy has been instituted to assure that any award that might be perceived as self-serving or inappropriate is brought to the attention of the Executive Committee of the Board of Regents.

--Recruitment is well under way to fill the permanent position of Under Secretary.

Budget Profile

For FY 1979, the Smithsonian is requesting appropriations totaling \$109.8 million for the Institution's six appropriation accounts. This represents a \$4.5 million increase over our FY 1978 estimate -- including requested pay and utilities supplementals -- of \$105.3 million. Of the total amount sought, \$96.3 million is requested for the Salaries and Expenses appropriation, \$3.9 million for construction and improvements to facilities of the National Zoological Park, \$3.1 million for restoration and renovation of other Smithsonian buildings, \$0.6 million for architectural and engineering planning for the construction of a Museum Support Center, \$2.2 million for the Science Information Exchange, and \$3.7 million for the Special Foreign Currency Program.

Before discussing the details of our request, I would like to outline briefly some key issues inherent in the budget.

Key Budgetary Issues

First, no additional permanent positions over the current Congressional ceiling of 3,428 are requested for FY 1979. Mindful of the President's goal of holding down Federal employment and as a result of the zero-base analysis from which the budget was developed, we determined that it would be feasible to reapply some 45 existing positions to meet highest priority personnel needs. In most cases, we are recommending that vacant positions be reassigned from certain bureaus to others, reflecting changed program priorities throughout the Institution. In other instances, bureaus are proposing to reassign presently authorized positions to areas of higher program emphasis. This is the case in the Museum of History and Technology which will be concentrating on collections management programs and the Astrophysical Observatory which will be emphasizing, among other programs, operational support for the multiple mirror telescope.

Another result of the zero-base analysis is the proposed reapplication of over \$1.6 million in base funds in the Salaries and Expenses appropriation. We found that we were able to cover the major portion of our FY 1979 needs from within our existing resources and we did so before requesting any additional resources. To accomplish this base readjustment, all programs were subjected to a rigorous analysis. The result of this analysis was a sharpening of program priorities, within each unit, by each Activity and by the Institution overall.

The Appropriations Committees Conference Report, dated June 23, 1977, stated that "...neither of the (Arts and Humanities) Endowments should make grants to Federal agencies or organizations which rely primarily on Federal appropriations, such as...the Smithsonian Institution. These organizations should budget directly for programs that have received support from the Endowments." To meet this instruction, we are requesting additional resources specifically for the Joseph Henry Papers project, the Charles Willson Peale Papers project, and Cooper-Hewitt Museum exhibitions -- projects that have been partially financed by grants from the Arts and Humanities Endowments in previous years.

This budget also includes a request for funds to compensate for higher stipend amounts awarded to visiting pre- and post-doctoral fellows. Most notably we felt that the Smithsonian's ability to attract top scholars would be impaired if we did not adjust our fellowship amounts to a level comparable with other similar programs. Fellowships for pre- and post-doctoral scholars were raised from \$5 thousand and \$10 thousand to \$7 thousand and \$12 thousand respectively at the beginning of FY 1978. The \$40 thousand additional sought for this program in FY 1979 will enable the Smithsonian to approximate the number of fellowship awards made in FY 1977. Although the amount involved is relatively small, we regard these fellowships as part of our obligation to the academic community and to our staff who benefit greatly from the collaborative relationships with outstanding young scholars.

Finally, in the vital area of staff travel, the Institution is requesting a total of \$814 thousand for FY 1979, a \$226 thousand increase over the amount allowed in FY 1978. The Institution's need for travel funds can be summed up by comments in a recent report of the Smithsonian Council, an outside group of distinguished citizens who advise the Secretary on matters of programs and procedures: "The Council would like to place itself on record in support of a continuing effort to secure more adequate Federal budgetary provisions for travel, field research, and on-site visitation in connection with Smithsonian programs. The lack of adequate travel funds hampers several phases of this Institution's work in research, the acquisition of materials, and the recruitment of staff." A significant portion of this request, \$95 thousand, is required for travel integral to the effective functioning of the Research Awards Program.

Budget Summary by Appropriation

Salaries and Expenses

For our Salaries and Expenses appropriation, we are requesting a net program increase of \$809 thousand in FY 1979. With the \$1.6 million in reapplied base resources, a total of \$2.4 million are proposed for program enhancement in this budget. The following summary depicts the programmatic objectives we plan to achieve with the additional resources in each activity.

Science

We are proposing a net program change of \$81 thousand for the Science Activity. Although the overall requested increase in this activity is small, shifts in emphasis are planned. This is evident in the fact that increases totaling \$690 thousand are offset by the reallocation of \$609 thousand to areas of highest priority. In addition, in the area of "Special Programs" we are proposing that a viable competitive Research Awards Program be funded in FY 1979.

The Science request for FY 1979 emphasizes research -- both original research projects of significance to mankind and support for our researchers. Although the Smithsonian has been known traditionally for its basic research competence as opposed to what is referred to as applied research, it is becoming apparent that the distinction between basic and applied research cannot be sharply defined. Much of the research conducted at the Smithsonian has applied by-product use, as in studies on ultraviolet radiation from the sun (skin cancers) and our long-range, important work at the Chesapeake Bay Center for Environmental Studies and Tropical Research Institute in Panama. Very recently, a researcher at the Chesapeake Bay Center has concluded that herbicides, specifically two, atrazine (aatrex) and linuron (lorax) used in vast quantities on corn and soybean crops, are carried into the saline water as runoff and eventually reach the bottom sediments of mud and clay. They are then transported at random by storms and wind currents all over the Bay. The result has been a recent sharp decline in aquatic weeds, key plants in shellfish, finfish and waterfowl food. Such plants are also helpful in fighting erosion which is especially evident on the windward sides of the Bay. This research, a by-product of our long range attempt to document the life and succession and turnover of the Chesapeake Bay's environment, shows how often pure or basic research blends into applied uses. This is particularly true in the field of environmental conservation.

At the Tropical Research Institute, studies are being conducted that have crucial bearing on the future of man's role in the tropics. The indiscriminate use of insecticides and herbicides and the release of radioactive atmospheric pollutants produce worldwide effects which have been measured only lately in the tropics. In the same way, the vast and continual destruction of tropical forests for agriculture and timber is producing new and irreversible changes in the weather of the Earth in the temperate zones as well as the tropics. The effects must be monitored and analyzed against a solid base of years of prior measurements. Here the Tropical Research Institute's record is unmatched.

Our FY 1979 budget request for Science includes additional funds to support discrete original research projects -- at the Bay Center, the Tropical Research Institute, and the National Museum of Natural History. Proposed projects are in fields of national and international significance such as studies of whales and other marine mammals in an effort to prevent their extinction; studies of nutrient and biomass fluctuations in Panama Bay which relate to our understanding of the potential impact of a sea level canal; and further research into the effects of materials entering estuaries from land runoff on fish, shellfish, and other living organisms.

The Astrophysical Observatory has proposed a number of program adjustments which will enable it to meet the current areas of emphasis without requesting new resources. Essentially, with the multiple mirror telescope becoming operational in late FY 1978, the Observatory's base funds are being redirected to support operation of the telescope and to permit the pursuit of new and promising avenues in areas such as the development of advanced instrumentation for use with ground-based and space-borne telescopes.

The Research Awards Program has an especially high priority in this budget. All awards are now made in accordance with applicable Federal personnel and procurement regulations. We have believed consistently that a program that encourages annual competition for funds among all scientists and scholars throughout the Institution stimulates innovative and creative research, a basic objective of our scholarly pursuits. An alternative approach -- automatic base allocations to individual bureaus -- has been considered and rejected for the very reason that such a procedure would be contrary to the objective of stimulating original research projects. We were very pleased to note that the House Committee's investigative staff voiced support for our belief that the competition and internal and external peer review integral to the Research Awards Program have stimulated quality research and studies. The \$390 thousand requested for the Research Awards Program -- the same funding level as FY 1977 -- represents about the minimum level for an effective Institution-wide awards program.

History and Art

The thrust of the History and Art request which proposes a net program change of some \$290 thousand, representing an increase of 1.9 percent, is to maintain a suitable balance of program activity within each of the established History and Art bureaus and offices. As in Science, this net change does not adequately portray the extent of program modification which has been incorporated into this budget. Overall, increases of \$649 thousand for highest priority needs are partially offset by a reallocation of \$357 thousand within the base. In addition, in the area of "Special Programs" new resources are proposed to defray higher stipend amounts for fellowship recipients and to strengthen our folklife efforts.

The results of the thorough zero-base review of History and Art programs conducted in developing this budget submission indicated that some 2.4 percent of the FY 1978 funding level could be spent to greater effect if reallocated to more pressing needs. The principal changes within the History and Art base emphasize improved care of the collections, with secondary emphases on exhibitions, publications, and acquisitions. The modest appropriation increase for FY 1979, then, is requested primarily to round out program imbalances that cannot be met by redirecting base resources. This two-fold approach, as in Science, will sharpen the focus and improve the capability of each History and Art unit to carry out its principal charge.

To summarize the changes proposed, the Museum of History and Technology is planning to redirect base resources to improve its cataloguing, accessioning and storage, and to permit the microfilming and microficheing of library materials which will free up space for the collections; the National Portrait Gallery is seeking additional funds for conserving its paper holdings and to offset inflationary costs of publishing educational materials, brochures, and catalogues; and the Cooper-Hewitt Museum is requesting funds for secure storage for its decorative arts collections and improved buildings

maintenance. The Archives of American Art is seeking funds to distribute its scholarly Journal to researchers and educational institutions and to improve archival productivity and records; the Hirshhorn Museum is proposing to redirect base resources to continue its acquisitions of newer works of art; and the National Collection of Fine Arts is requesting additional funds to enable it to preserve a rare collection of photographic negatives and to offset increased costs of transporting and insuring works of art borrowed for temporary exhibition and for exhibits themselves. This last need is particularly critical, as there have been no additional funds appropriated for National Collection of Fine Arts exhibits in several years. By far the largest portion of the new funds requested for History and Art, however, is for projects previously financed by grants from the National Endowments for the Arts and Humanities. Nearly 30 percent of our requested increase is for the Joseph Henry Papers and the Charles Willson Peale Papers projects and for exhibitions at the Cooper-Hewitt Museum of Decorative Arts.

Public Service

In the Public Service Activity, a net program change of minus \$18 thousand is recommended consisting of requested increases of \$37 thousand offset by the redirection of \$55 thousand in base funds to higher priority programs. New funds are sought to allow the Division of Performing Arts to conduct additional performances emphasizing aspects of the National Collections. In developing many of these programs, the Division of Performing Arts staff works closely with curators in several of our museums to stage performances that complement specific collections. For example, dance performances of the Javanese and Sri Lankan troupes, accompanied by a film and lecture, were presented last year in the National Museum of Natural History which possesses significant cultural holdings from those nations. In a very real sense, these performances are a logical extension of the National Collections and an expression of the heritage of America and of other countries. They are also representative of our educational activities -- some 500 thousand people having participated in Performing Arts events in the past fiscal year. We are also requesting additional funds to accelerate the urgent jazz oral history project being conducted in association with the National Endowment for the Arts.

Offsetting savings derived mainly by a planned transfer of responsibility for the international exchange of patent specifications from the International Exchange Service to the Department of Commerce will more than cover the additional funding proposals. A further change is also proposed in the functions of the Exchange. Early this year the Smithsonian concluded an agreement with the Government Printing Office under which the GPO assumed physical responsibility for the international exchange of government documents. By this transfer, a more efficient operation should result. To complete the transfer of this responsibility, the Library of Congress will submit the appropriate legislation during this legislative session. The Smithsonian will continue to be responsible for the exchange of scientific and literary publications, based on the very positive results of a survey of nearly 200 academic institutions.

Museum Programs

In the Museum Programs Activity, no net program changes are proposed. Program increases of \$147 thousand for library acquisitions, cataloguing and conservation and for the horticultural program are offset by savings of an equivalent amount to be achieved through some administrative consolidations. It bears mentioning that a portion of the Museum Programs request for FY 1979 includes the conversion of the Native American Training Coordinator from term to full-time permanent status. This conversion is a reflection of a subject of heightened social importance. The program, which draws on the considerable Smithsonian expertise, is intended to train native Americans in museum management so that they will acquire the skills to manage their own museums and cultural centers according to the most advanced techniques. The Native American program complements an earlier effort in archival training, and in combination with it, presents a unique opportunity for members of Indian

communities to develop the necessary expertise to preserve and interpret their historical heritage.

Another aspect of museum training that will continue to be emphasized in FY 1979 is the Institution's workshop program. Through three or four day workshops, museum personnel from all parts of the country as well as many foreign nations have been trained by Smithsonian staff experts in various aspects of museum management.

Administration

The Administration Activity which provides overall direction of the Institution and encompasses several central management functions such as planning, budgeting, audit, personnel, and facilities management continues to be an area of emphasis in FY 1979. A net program increase of \$119 thousand is requested. Program increases of \$165 thousand are offset by savings of \$46 thousand to be achieved mainly by funding meetings of the Smithsonian Council with unrestricted trust funds. Additional funds are requested to help the Office of Audits move toward the goal of a 5-year audit cycle as recommended in the "Hughes Report." Other administrative functions to be strengthened are budget, supply, facilities planning, management analysis, and legal services.

Support

Finally, in Support Activities, which consists of the Offices of Protection Services, Plant Services, and Printing and Photographic Services, we are recommending a net program change of minus \$69 thousand. Program increases totaling \$337 thousand are offset by reallocation of \$406 thousand to higher priority needs. The major increase is proposed for planned promotions of a large portion of our guard force, resulting from a comprehensive classification review of our guard positions. Offsetting savings are expected mainly through the rescheduling of extended summer museum hours and anticipated efficiencies in utilities management.

The Smithsonian Institution hires and trains its own guards. In addition to providing protection to our invaluable collections and millions of visitors, Smithsonian guards also answer questions of the visiting public and thereby serve a public relations function. During the past year, a Smithsonian task force conducted a comprehensive study of our protection force because of its visibility and the sizeable amount of the Institution's resources it requires. The study recommended that selected segments of our guard force be promoted to assure that pay structures are commensurate with duties being performed. To help defray the cost of the resulting promotions in FY 1979 and thereafter, we are planning to reschedule extended summer hours of museums to cover peak periods only. Based on historical visitor statistics, we believe that the commencement of extended hours of major Mall museums in June in lieu of April will not cause any appreciable inconvenience to the visiting public. We will, however, extend visiting hours during Easter and the Memorial Day Weekend to accommodate the large crowds anticipated.

The utilities situation also deserves special mention. Unlike most Federal agencies who pay a fixed fee to GSA for utilities, the Smithsonian pays for actual usage according to prevailing rates. Many of the holdings in the National Collections, including valuable zoo animals, have special temperature and humidity requirements and this, as well as the heavy visitation in our museums, creates sizeable utilities bills for us. In the past fiscal year, during which we experienced an especially severe winter and hot summer, they skyrocketed to some \$5.7 million. To help the Institution meet this unavoidable expense, we are requesting a supplemental appropriation of \$1.1 million for FY 1978. At the same time, we are continuing to use the latest technological advances to help keep utilities costs to a minimum. For example, an Institution-wide power management system will be in place by the end of this year. Through the use of remote sensors, this system assures that prescribed levels of power consumption are not exceeded.

Through conservation measures such as power management and more efficient lighting we hope to be able to save some \$170 thousand in utilities expenses in FY 1979, assuming the receipt of supplemental utilities funding this year.

Construction

Our FY 1979 construction appropriations request emphasizes capital development under the Zoo Master Plan; planning for the construction of a Museum Support Center; and several small but important items -- most of them continuations of phased projects -- under the Restoration and Renovation of Buildings Account.

Construction under the Zoo Master Plan has about reached the mid-point. With the support and encouragement of this Committee, we have succeeded in transforming a rather crowded, antiquated zoo into a modern facility for the comfort and safety of our treasured animals and the enjoyment of the visiting public. To date, 17 new exhibits and support structures have been completed or are under construction, including, most recently, a new exhibit for the grizzly and polar bears featuring underwater viewing of the animals and the first phase of the General Services and Parking Facility. Construction in the Beaver Valley area, consisting of exhibits for beavers, otters, seals, sea lions, wolves, and bush dogs, will be completed by this summer. We have been developing -- at the same time -- the Front Royal Conservation and Research Center which we consider to be an integral part of the Zoo. I am pleased to report that litters of the rare and endangered maned wolf were born and reared by their mothers at the Front Royal Zoo during this past year.

For FY 1979, in addition to minor but needed repairs and renovations at Rock Creek and Front Royal, we are seeking \$3 million for the construction of a modern great ape house. Plans and specifications for the proposed new facility have been completed with funds already appropriated. The new Great Ape House is designed to offer a fully conditioned and controlled environment for orangutans and gorillas in inside spaces as well as in spacious outside areas. It will also include isolated areas conducive to the breeding of these rare, endangered, and highly sensitive primates. We are excited about the prospect of being in the forefront of providing modern, up-to-date facilities for great apes, and we are certain that the design, which features glass walls to maximize ease of viewing, will be a great favorite with the public.

The second major construction item that we are requesting for FY 1979 pertains to additional space for the care, curation, documentation, and conservation of the National Collections and for further conservation research and training. The \$575 thousand sought in FY 1979 will be used in association with the \$325 thousand appropriated in FY 1978 for architectural and engineering planning for the proposed Museum Support Center.

I want to emphasize, in particular, the fact that our conservation efforts will be greatly strengthened by having the Museum Support Center. Conservation is the key to the total process of caring for collections. Without conservation research and treatment, objects deteriorate and may completely lose their usefulness as scholarly documents and their capacity to convey aesthetic values. It is our view, as well as that of the Trustees of the National Gallery of Art, that conservation today probably ranks ahead of any other priority of museum work.

We have explained in some detail in the budget document the component parts and space configuration of the Museum Support Center. A current estimate of the cost of the Center is \$21.5 million, including planning and design, assuming that construction of the Center will commence in 1980. These estimates may vary slightly, dependent on further planning to be conducted this year and in FY 1979. Of course, given inflationary trends the sooner that the funds become available and obligated, the more economical will be the cost of the construction of the Support Center.

Thus far, the following steps have been taken toward making the Museum Support Center a reality:

--In FY 1975, the President signed into law Public Law 94-98, authorizing the Regents of the Smithsonian to prepare plans for museum support facilities.

--A tract of 82 acres in Suitland, Maryland, has been acquired for support center construction.

--Use of this land for the support center has been approved by the National Capital Planning Commission and by local planning boards and commissions.

--Smithsonian staff have worked with a group of consultants to analyze the present space situation and future requirements.

--A comprehensive collection policy and management study which addressed questions of present and future collections growth and factors involved in the management of collections was completed in FY 1977 and copies furnished to this Committee. Several areas suggested by the study are currently being continued to refine the Institution's policies on inventory control, conservation, and management systems.

--In preparation for the development of a major conservation effort at the Museum Support Center, an effort is being made to quantify our conservation needs.

--OMB has informed us that it will support enactment of legislation authorizing construction of the Museum Support Center. Bills authorizing construction have been introduced in the House of Representatives and the Senate. It is anticipated that action will be taken in this legislative session. Subject to a review of construction plans and assuming favorable fiscal circumstances, OMB anticipates providing \$20.6 million in budget authority in the fiscal year 1980 budget for construction. Contract authority for that amount with funds appropriated over a two to three year period would be a perfectly viable alternative.

The last portion of our Construction request is for \$3.1 million for restoration and renovation of buildings. For the most part these funds will be used to continue phased projects such as improvements for handicapped persons, correction of hazardous conditions and installation of fire detection and control systems. Of the amount sought, \$1 million is proposed for general repairs to the Institution's 10 major museum buildings. We have a continuing need for substantial funds on an annual basis to be used mainly to correct minor problems before they become major and to conduct an overall preventive maintenance program. Repair of electrical distribution systems and plumbing is not very glamorous; it is nonetheless essential to the Smithsonian museum complex.

Two specific items under this rubric merit attention. We are requesting \$125 thousand for the construction of a badly needed dormitory for visiting researchers on Barro Colorado Island. The present structure, built in 1927, is termite infested and generally not fit for more than overnight stays.

In the event that the Panama Canal Treaties are ratified, then under the terms of ancillary agreements and exchanges of notes, Barro Colorado Island will be declared a Nature Monument as defined in the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere of October 12, 1940. In addition, the Smithsonian Tropical Research Institute will be designated by both governments as custodian of the Barro Colorado Nature Monument and will "have sole responsibility to act on behalf of our Governments in authorizing use of the Nature Monument for the purpose of scientific research..." It appears that investigations conducted by the Smithsonian on Barro Colorado Island will not be affected by the terms of the proposed new Panama Canal Treaty.

We are also seeking \$150 thousand for construction of a maintenance building at the Chesapeake Bay Center. Up until now, no Federal funds have been used for construction at the Bay Center, with the exception of some emergency bulkheading on Jefferson Island in FY 1975. It is now clear that the Bay Center has become a continuing and valuable research center and will be part of the Smithsonian for the foreseeable future. Research contributions of the Center, most generally in the area of the effect of human disturbance on ecological systems, are benefitting the scientific community and the general public. For FY 1979, there is a need to consolidate maintenance services in a safe, efficient, working environment and the \$150 thousand we are seeking will be used to construct and partially equip a 2,600 square foot maintenance building. In the extremely remote possibility that the assets of the Center would some day be sold, the Smithsonian is committed to reimbursing the Federal government on an equitable basis for all Federal capital funds used at the Center.

Science Information Exchange

For the Science Information Exchange, we are seeking an increase of some \$350 thousand in FY 1979. The increase will enable the Exchange to maintain a comprehensive data base, develop and implement revised indexing techniques to minimize costs, and devise methods for the "tracking" of a research project from its conception to the development of technical reports and publications in scientific literature. We are mindful of the recommendation in the GAO report, noted earlier in this statement, that the Science Information Exchange be dissolved of its corporate status and that its operation be carried out as part of the Smithsonian's regular organizational structure. Moreover, the Senate Appropriations Committee, in its report of last year, stated that efforts should begin to effect the transition of the Exchange to Federal status either in the Smithsonian or another appropriate Federal agency. The Smithsonian is not opposed to these recommendations. However, we have been advised by the Office of Management and Budget that the President's Reorganization Project expects to consider the organizational status and operating practices and policies of the Science Information Exchange this spring as part of a broader review of Federal science and technology programs. Pending the results of that review, the Smithsonian is not proposing any change to the status of SSIE at this time. The improvements which we hope to achieve in FY 1979 will be important, regardless of the ultimate organizational location or status of the Exchange.

Special Foreign Currency Program

Lastly, our Special Foreign Currency appropriation request totals \$3.7 million in FY 1979. We are proposing that the dollar limitation on grants to Smithsonian employees, placed into effect for FY 1978, be eliminated. Under the Special Foreign Currency Program guidelines, Smithsonian proposals are reviewed by the same councils of distinguished scholars from across the nation as proposals from other institutions. It should be noted also that program awards cover only field research costs in the excess currency country and international travel to the country. Smithsonian employees, as well as other grantees, do not receive personal compensation duplicating or supplementing their salaries.

Future Plans

With the encouragement of the late Senator Hubert Humphrey, the approval of the Board of Regents, and support in Congress, it is possible that the Frederick Douglass Museum of African Art, devoted to black art and culture, may become part of the Smithsonian Institution. Legislation authorizing transfer of the Museum is now pending before both Houses of Congress. In a letter urging his colleagues to support the transfer, Senator Anderson wrote: "As a founding trustee of the Museum, Senator Humphrey observed its significant cultural impact on our Capital City as well as the vital educational work that it has done throughout the country. More than a million people have visited the Museum or participated in its

extension programs, and a far greater number have viewed its educational television programs. For its accomplishments the Museum has gained international recognition. Its association with the Smithsonian would be a great step forward for both institutions."

The acquisition, if authorized by the Congress, would transfer all assets of the Museum to the Smithsonian and authorize an appropriation of \$1 million for the first year of operation and "such sums as may be necessary" thereafter. Our best estimate of the annual Salaries and Expenses appropriation required for the Museum is about \$700,000, before inflation. Additional amounts the first year would reasonably be required for one-time renovation and repair costs to make sure that the physical plant conforms to all applicable Federal codes. Complementing this approximate \$1 million in Federal funds, the Museum would continue its exemplary fund raising efforts in order to enrich whenever possible the basic program capabilities which the appropriated funds would provide.

The late Senator Humphrey kindled a sense of social consciousness in all Americans. The transfer of the Museum of African Art to the Smithsonian Institution would be a great tribute to him and would fulfill one of his last goals -- that of assuring the continued existence of this excellent museum by providing for it an appropriate home within an organization which similarly values "the increase and diffusion of knowledge among men."

Mr. Chairman, I and my staff will be happy to answer any questions the Committee may have.

INTRODUCTION OF WITNESSES

Senator STEVENS. We would like for you to introduce those who are with you at the table, and to briefly highlight your statement. I have a little comment to make after your statement, once you do that. If you'll highlight your statement, then, we'll appreciate it.

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

I would like to point out that this year we have, through the courtesy of the Committee, been able to bring in attendance with us one or more of the Regents of the Institution. At the House appropriations hearings, we had the House members of the Board of Regents, and the chairman of the Executive Committee, Mr. James Webb, and he is here in the audience today as a courtesy to yourself, sir; and as an assist to me he is prepared to testify, should you wish it. I believe that Senator Goldwater, a congressional Regent, will attend during part of the hearing this morning, as well.

We are very pleased to have here with us today also my associates: Assistant Secretary Jameson; Mr. Wheeler, the treasurer, on my left; on my right, Jon Yellin, director of our budgeting division; and Mr. Powers, our General Counsel.

I have also with me Mr. Blitzer, and Mr. Challinor, Assistant Secretaries of History and Art, and Science, respectively; and Mr. Perrot, and Mr. Euell, Assistant Secretaries of Museum Programs, and Public Service. Mr. Ault, representing our support activities, is also here, should there be questions relating to these issues.

STEPS TAKEN TO STRENGTHEN MANAGEMENT

It is a pleasure, Mr. Chairman, to be able to appear once again before you on behalf of the Institution. Before highlighting the key themes in the budget, I would like to outline the steps that we've

taken in the past year to implement the recommendations contained in various studies of the Institution. I may summarize that response later on, if you wish.

In the past year or so, there have been three comprehensive audits of the Smithsonian, by the GAO, by Mr. Philip S. Hughes, representing the Audit and Review Committee of the Regents, and by investigative staff of the House Appropriations Committee, as well as an examination by the GAO of our banking practices. I would like now to detail the steps that we've already taken to implement the recommendations of the GAO report, and what we call the Hughes report of our Audit and Review Committee of the Regents.

It should not go unnoticed, in this connection, that the GAO and the Hughes report both expressed a rather clear approbation of the Smithsonian Institution's programs, and a general feeling that their quality is high. Further, of course, no findings were made in any report that Smithsonian financial practices did not meet the highest standards of honesty and integrity.

Since these reports were issued, action has been taken on all of the recommendations. For example, under my instruction the staff issued new procedures for the administration of research grants and fellowships previously administered under the Smithsonian Research Foundation. These procedures have been documented and reported to the Regents. They've been carefully monitored by counsel, and audit, accounting, and contracting specialists. I have undertaken a directive, following the advice of the Hughes report, to provide for the appropriate review and approval of any awards which might be deemed to be self-serving.

I have issued a directive, at the suggestion of the Hughes report, that a 5-year program and plan for the Institution's growth and development be completed this April for review by the Board of Regents and submission to the Office of Management and Budget and the Congress. I have launched an inventory of all Smithsonian programs and activities. A draft of this is now being reviewed and will shortly go to the Regents and, if approved, to the Office of Management and Budget and the Congress.

We continue to work on policy and procedure guidelines on the use of all funds, of whatever nature, available to the Institution. The current revised version is appended to the House Surveys and Investigation Staff's report. We will continue to work with your subcommittee, sir, and other organs of the Congress to clarify and refine these guidelines.

The Regents are themselves considering a number of directives in regard to bylaws, number of meetings per year, committee work, as well as suggestions made by the investigative staff report. And, in the presence of Mr. Webb, it might be that he could answer some questions, if there are some, in that respect.

Recruitment for an Under Secretary is now virtually completed by the Executive Committee of the Regents, working with myself.

BUDGET PROFILE

We have, then, simply a budget profile which I would like to just highlight at this time.

For fiscal year 1979, as you have mentioned, sir, the Smithsonian is requesting appropriations totaling \$109.8 million for our six appropriation accounts. This represents a \$4.5 million increase over our fiscal year 1978 estimate of \$105.3 million. Of the total amount sought, \$96.3 million are requested for salaries and expenses appropriation; \$3.9 million for construction and improvements to facilities of the National Zoological Park; \$3.1 million for restoration and renovation of buildings; approximately half a million for architectural and engineering planning for the construction of a Museum Support Center at Suitland, Md.; \$2.2 million for the Science Information Exchange; and \$3.7 million for the special foreign currency program.

The major items in our request, by appropriation, are as follows:

SALARIES AND EXPENSES

For our salaries and expenses, we are requesting \$96.3 million, an increase of \$2.1 million over the fiscal year 1978 appropriated amount. This program increase represents actually less than a million dollars, for the uncontrollable aspects of it total \$1.3 million. As a result of the zero-base analysis used in the development of this budget, we are proposing to reapply some \$1.6 million in base resources to cover highest priority needs. Key issues included in our request are as follows:

First, let me say that we contemplate no additional permanent positions over the current congressional ceiling of 3,428 in fiscal year 1979. Mindful as we are of the President's goal of holding down Federal employment, and as a result of the zero-base analysis from which the budget was developed, we determined that it would be feasible to reapply some 45 existing positions to meet highest priority personnel needs.

The Appropriations Committees conference report, dated last June, stated, "* * * neither of the * * * Endowments should make grants to Federal agencies or organizations which rely primarily on Federal appropriations, such as * * *" for example, "* * * the Smithsonian Institution. These organizations should budget directly for programs that have received support from the Endowments." To meet this instruction, we are therefore requesting additional resources specifically for the Joseph Henry Papers project, the Charles Willson Peale Papers project, and Cooper-Hewitt Museum exhibitions—projects that have been partially financed by grants from the Arts and Humanities Endowments in previous years.

This budget also includes a request for funds to compensate for higher stipend amounts awarded to visiting pre- and post-doctoral fellows. The additional \$40,000 sought for this program in fiscal year 1979 will enable the Smithsonian to approximate the number of fellowship awards made in fiscal year 1977.

In the vital area of staff travel, the Institution is requesting a total of \$814,000 for fiscal 1979, a \$226,000 increase over the amount allowed in fiscal 1978. A significant portion of this request—\$95,000—is required for travel integral to the effective functioning of the research awards program.

Finally, that program itself—the research awards program—has an especially high priority in this budget. We were very pleased, indeed, to note that the House committee's investigative staff voiced support for our own belief that the competition in internal and external peer review stimulated quality research and studies. The \$390,000 requested for this whole research awards program, the same level as in fiscal 1977, represents about the minimum level for an effective institutionwide awards program.

CONSTRUCTION

Construction represents our largest item this year. For fiscal 1979, our request totals \$7.6 million. Our proposed budget emphasizes capital development under the Zoo master plan, a total of \$3.9 million consisting of \$3 million for the great ape house and \$900,000 for general repairs and improvements; \$575,000 for planning for the construction of the Museum Support Center in Maryland to be used in conjunction with the \$325,000 appropriated for fiscal 1978; and \$3.1 million for the restoration and renovation of buildings—a subject which we have detailed in past presentations to your committee—mostly for continuation of phased projects and for construction of a dormitory on Barro Colorado Island; and construction of a maintenance building at the Chesapeake Bay Center.

SCIENCE INFORMATION EXCHANGE

For the Science Information Exchange, we are seeking \$2.2 million in fiscal 1979, an increase of some \$350,000 over the 1978 appropriated amount. The increase will enable the Exchange to maintain a comprehensive data base, develop and implement revised indexing techniques to minimize costs, and devise methods for the tracking of a research project from its conception to the development of technical reports and publications in scientific literature.

SPECIAL FOREIGN CURRENCY APPROPRIATION

Last, our Special Foreign Currency appropriation request totals \$3.7 million in fiscal 1979. We are proposing that the dollar limitation on grants to Smithsonian employees, placed into effect for 1978, be eliminated.

MUSEUM OF AFRICAN ART

With the encouragement of the late Senator Hubert Humphrey—if I can mention a future plan—the approval of the Board of Regents, and support in the Congress, it is possible—although not yet at all certain—that the Frederick Douglass Museum of African Art here on Capitol Hill, devoted to the arts and culture of Africa, especially, may become part of the Smithsonian Institution. That acquisition, if authorized by the Congress, would transfer all assets of the museum to the Smithsonian and authorize an appropriation of \$1 million for the first year of operation, and such sums as may be necessary thereafter. Our own best estimate of the annual salaries and expenses appropriations required for the museum is about \$700,000, before inflation. Additional amounts the first year would reasonably be required for one-time renovation

and repair costs to make sure that the physical plant conforms to all applicable Federal codes.

Complementing this approximate \$1 million in Federal funds, the museum of course would continue its own very splendid fundraising efforts in order to enrich, whenever possible, the basic program capabilities which the appropriated funds would provide.

Mr. Chairman, that concludes my brief summary of our appeal to your committee this year.

STUDIES OF SMITHSONIAN PRACTICES

Senator STEVENS. Well, thank you very much, and we welcome Mr. Webb.

As you brought out in your statement, in the past year your Institution has been subject to studies by the GAO, your Board of Regents committee, and most recently the House Appropriations Committee, and there will be some questions concerning their reports.

The committee wants to compliment you on your efforts to respond to matters that were raised by the reports, although we may feel that additional effort is required in some areas. The channels of communication developed in the last year, I think, are very helpful and long overdue. We hope that they will continue to expand so that we will all have a better understanding of the Smithsonian.

I would like to examine your efforts to comply with the recommendations in the various reports that you have mentioned. Both the GAO report and the so-called Hughes report recommended that the Board of Regents establish clear policies governing the use of Federal and private funds. We have a copy of the guidelines that were accepted by the Board of Regents which I would like to insert in the record at this point.

[The information follows:]

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.

POLICIES GOVERNING THE USE OF FUNDS

Senator STEVENS. In your opinion, does this statement of policy satisfy the recommendations that were made? Would you call these clear policies with regard to guidelines for use of Federal and private funds?

Mr. RIPLEY. Thank you, Mr. Chairman.

I believe that we are working very hard toward this. I would not say, at this time, that the present statement is fully refined, but it is our best effort at this point. We are completely open to suggestions, further comments, anything that will help us to define, continually, what stages we should be at in terms of our policies, our communications, our disclosure to the committees, our interplay with the Regents so that they understand at all times and are fully cognizant of the evolution of these papers, in order that they will be in a position to respond and make suggestions themselves.

As you know, the Executive Committee of the Regents takes a very close interest in these matters, meets every month with me, and we have, I would say, an evolving attitude toward these guidelines.

Senator STEVENS. Well, is there anything in these new guidelines that changes the existing practices of the Smithsonian? Won't you be able to use trust funds in any way you feel is proper to meet your mandate to promote the increase and diffusion of knowledge? There doesn't seem to be many specifics in this document.

Mr. RIPLEY. Well, that is part of the problem of refining them, I think, Mr. Chairman. I do feel very strongly that there is nothing in our present conventions about the use of trust funds which is not fully explainable, and that in each individual case we will have established thresholds beyond which clearance by the Executive Committee, for example, of the Board of Regents, the full Board, at frequent intervals, is required. And in every case, these thresholds will then be communicated to the committees of the Congress.

We are currently working on a series of bylaws and guidelines which are, in effect, an outgrowth of this inquiry, and which are being brought together at this time, going back to our basic legislation, through the minutes and proceedings of the Board of Regents, so as to refine exactly how we operate, how we compare our trust fund purposes to our appropriated fund purposes in each instance.

USE OF TRUST FUNDS

Senator STEVENS. Well, there is nothing in the guidelines that would prevent the Institution from using trust funds to offset reductions in requests for Federal funds.

Mr. RIPLEY. Well, this isn't our intention.

Senator STEVENS. Why isn't there some specific guideline with regard to how you use trust funds in areas where we have specifically denied a request for the use of Federal funds?

Mr. RIPLEY. We have always been compliant with these strictures of the Congress. And in fact we report them, and we discuss them with the Regents, and we have never attempted to substitute trust funds in this way.

We have, as I say, a series of bylaws and thresholds. The entire tradition of the Institution is that we have quite clearly defined

within our own realm what these uses are, and we are completely willing to produce the figures. Now what, I think, we've dealt with in the past is a lack of communication. Rather than any attempt to bypass congressional will, it's been a lack of understanding and communication back and forth.

Senator STEVENS. Well, I am told that this is the response you gave to the House Appropriations Committee report regarding activities for which partial Federal funding is requested: "If the Office of Management and Budget or the Congress decides not to fund such activities, the Smithsonian should maintain the ability to stop or reduce such activities or operate them only with trust funds."

Now, why should we take the time to try to maintain congressional oversight of the Smithsonian, if you can make the decision to operate any activity that we curtail with trust funds?

Mr. RIPLEY. I don't think that is what is intended in the statement. Mr. Jameson has the paper right here before him, and I think we can explain this.

Mr. JAMESON. Mr. Chairman, I might attempt to point out that, on page 4 of our guidelines, the last several lines, there is a statement which says: "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 in a timely manner prior to commitment."

So I don't think those two statements are inconsistent.

CLEAR SEPARATION OF FUNDING

Senator STEVENS. We were hopeful that, as a result of the studies that were made, the Smithsonian would develop a policy whereby unrestricted trust funds would be used on projects that were closely identified with trust fund support, such as Cooper-Hewitt, the Chesapeake Center, and the Freer Gallery, and that you would not continue the policy of mixing Federal funds and employees paid from Federal funds with those supported by trust funds and employees paid with trust funds.

Can we look forward to any change in guidelines that would establish a clear separation between Federal funding and trust-fund funding, as far as projects are concerned?

Mr. JAMESON. Mr. Chairman, I think there is a substantial amount of consistency in this when one examines the spectrum of Smithsonian programs and activities. The two ends of the spectrum, I think are, quite clear. We have traditionally used Federal appropriations for the core support of programs, and support of those programs—building maintenance, protection, and so forth. At the other end of the spectrum, I think it's quite clear and consistent that we only use trust funds for the auxiliary activities of the Institution—programs such as the magazine and museum shops. In the middle of this range, however, there have grown up over time from the start precedents for activities in the Institution that have received both trust funds and Federal appropriations. I guess the clearest principal example of that, in a major way, might be the Freer Gallery of Art, starting in the early part of this century.

With regard to the Cooper-Hewitt Museum, the Archives of American Art, the Chesapeake Bay Center, each of those activities was started and initially funded primarily with trust funds of one kind or another. When we felt, through our planning processes, that there was a need for Federal support, we have come to the OMB and Congress and presented our cases. At the Cooper-Hewitt, for example, we have tried, with this committee and the House committee, to draw as clear as possible a distinction between the kinds of moneys and how they would be used, with trust funds used primarily for the program activities of that museum, and the Federal funds used primarily for support of collections and care of the building.

Senator STEVENS. What does that primarily mean? You say that in your statement, too, Mr. Ripley. You say that the trust funds are primarily used for purchases for the collections, and exhibitions, and publications. What does that mean? What portion of the funds are used in that way? Why don't you give us that, for the record, or can you give it to us, now?

What portion of the trust funds are used in that category that you say is primarily limited to this purpose?

Mr. JAMESON. Are you speaking generally for the Institution, sir? Or for Cooper-Hewitt?

Senator STEVENS. Generally. You indicate that unrestricted trust funds are primarily limited to purchases for collections, exhibitions, and publications. Now how much of your trust funds are you talking about, in terms of that primary use?

Mr. JAMESON. Until very recently, the problem simply didn't arise in a significant and a material way, in that there were no unrestricted trust funds that could be allocated for these types of discretionary programs.

Senator STEVENS. Well, what about this year? What is the total amount of trust funds you anticipate using this year?

Mr. JAMESON. Well, this year, for purposes described in this same policy and procedure statement that we have been discussing, the Regents approved at the January meeting that we should set aside approximately \$2 million of unrestricted trust funds to meet important unmet needs of the Institution, primarily in the areas of purchases for the collection, scholarship, and educational outreach activity. Mr. Ripley mentioned in his opening statement that we have been in the process of developing guidelines for the use of those funds in ways that would make sense in relationship to the Federal appropriations process.

TOTAL AMOUNT OF UNRESTRICTED TRUST INCOME

Senator STEVENS. Maybe I misunderstood. You're talking about unrestricted trust funds. Now what is the total amount of unrestricted trust funds to be available for the Institution this year?

Mr. RIPLEY. Mr. Wheeler?

Mr. WHEELER. When you say available to the Institution, the total unrestricted gross income—gross revenues—before related expenses, is in the area of \$50 million. But that includes all the subscription income, advertising income of our magazine, all the sales of our museum shops, and similar things like that.

When you come down to how much net, after the related expenses of those so-called revenue-producing activities would be available for programmatic purposes, or other uses, it's in the area of \$7 million. The figures shown on page E-1 of our submission indicate those figures.

USE OF THE \$7 MILLION AMOUNT

Senator STEVENS. Now, it is my understanding that the policy statement says that these funds are used primarily for collections, exhibitions, and publications—and I assume that we're talking about the net, after expenses. Obviously the costs of the publication have to be met, and the costs of the other activities, of revenue-producing activities, have to be met—then, you might call a surplus from your revenue-producing activities unrestricted funds.

Now, your statement indicates those are primarily used for collections, exhibitions, and publications. How much of that is actually used? Is that the \$2 million figure you gave me?

Mr. RIPLEY. That is the \$2 million figure.

Senator STEVENS. I'm not sure I agree with the use of the word "primarily" then. You talk about \$7 million. If you're talking about \$50 million, of which you allocate \$43 million to ongoing activities that produce future revenue, and \$7 million is the unrestricted addition to the trust funds, I'm not sure you're using it primarily for this purpose, then.

You say that where you have unanticipated requirements for significant amounts of trust funds for activities that usually receive Federal support, you discuss that with OMB and with the committees. What the guideline states is: "Significant amounts of trust funds." What would you determine to be a significant amount? Is it an amount in relationship to the budget—the overall budget involved in the project—or does it relate to a significant amount of the total amount of unrestricted trust funds?

How are we to interpret that policy statement—that you discuss it with the OMB and the committees when there is a significant amount of trust funds involved?

Mr. RIPLEY. Mr. Jameson?

Mr. JAMESON. It's a very good question, Mr. Chairman. The only way that I can see how to answer it is to arrive over a period of time, by sharing very fully with this committee and with the House committee and with OMB as was done with the recently approved Federal reprogramming procedures, some understanding or working definition as to what constitutes significant. In my mind, I think a significant amount would in some way relate to a base of activity. If it was a very large base of activity in a Federal area, or a trust fund area, then the working definition of significant might be somewhat larger than if it was a brandnew start. If it was a brandnew start, I think we'd want to come up and tell you what it is, whether it's \$25,000, \$50,000, or some figure that we could agree on.

Defining the word "significant" is important to do and this is one of the problems that we are wrestling with. As Mr. Ripley said, we are anxious to further develop these guidelines, make them clearer, make them more comprehensive.

SMITHSONIAN MAGAZINE FUNDING

Senator STEVENS. Well, now let's just take an example. Your magazine, as I understand it, brings in about three-fifths of your unrestricted income. Have you used any Federal support money, at all, for the magazine?

Mr. WHEELER. No, sir.

Senator STEVENS. The Federal moneys aren't paying the rent, or the heat, or the janitors, or anything else? Is that right?

Mr. WHEELER. There are offices of the editorial administrative staff in Washington which are located in Federal buildings. And to that extent, expenses represented by that space are carried on the Federal roll. I might say that, of course, when the magazine started, it was not considered a revenue-producing activity. It started out to be an educational arm of the Institution, and the question of profit or loss was not a major consideration in starting.

Senator STEVENS. Don't misunderstand me. I think it's a wonderful magazine and we don't want to deter you in any way. I just want to get an understanding about these guidelines. The magazine has not had any substantial amount of Federal support. Is that correct?

Mr. WHEELER. That's correct.

Senator STEVENS. Now I assume it is clear that, if you are planning to use any Federal support money, you would discuss that with the committee.

Mr. WHEELER. Certainly.

TRUST FUNDS NOT REPLACEMENT FOR FEDERAL FUNDS

Senator STEVENS. Are we to understand that none of the moneys that are derived from so-called surplus funds from the magazine are to be used to replace funds that we have specifically and intentionally made unavailable for activities that would normally be federally supported?

Mr. WHEELER. We have attempted to further explain our statement that Mr. Jameson and Mr. Ripley referred to, about the use of Federal and trust funds. We have supplemented that in our reply to the House staff investigative report in section 4. We do indicate that, on occasion—or feel we have the right, the—or we should use trust funds to supplement Federal funds, when the urgency of the situation requires, or other considerations arise.

Senator STEVENS. But that's what we want to know. There is no clear delineation that we can understand as to when that decision is to be made.

Let's take the African Museum. I'm not saying we would, but just suppose we decide that we're not going to put Federal funds into it. I take it from your policy statement that your board could decide to use the trust funds, to acquire it anyway and even operate it out of trust funds. Is that correct?

Mr. RIPLEY. I think that the situation in regard to the African Museum does not include that possibility, Mr. Chairman.

Senator STEVENS. But that was what happened with Cooper-Hewitt, wasn't it? And what really started all of this, a long way back, was the decision that was made by your Board to acquire Cooper-Hewitt, and we were presented with a fait accompli. Now

are we going to get the same thing in the case of the African Museum?

Mr. RIPLEY. No, sir.

Senator STEVENS. But isn't it possible, under your guidelines?

Mr. RIPLEY. I do not believe so because, as I have tried to explain, we are encompassing in these bylaws, guidelines, and thresholds that we are setting up now, which are a culmination of attempts to bring together decisions by the Regents over the years, a series of processes and procedures, so that at any time that any decision of any substance can be presented and examined. Now, the question is: What is "significant"? What is "substance"? Is it \$50,000? Is it \$100,000, or something? Or is it something which implies a policy—which is what I think you're getting at—a policy change? But whatever it is, at any such time, we will be fully compliant with these procedures. We will report this not only with the approval of the Regents to the committees, but we'll report it to OMB, and we will attempt to presage, or forecast all implications of funding by type.

As I concluded in my opening statement, I mentioned future plans. It's part of the wish of the investigative staff, the GAO, and the Hughes report, that we forecast what might be coming along in the future at any time.

PROCESS OF CONSULTATION

Senator STEVENS. Well, I am trying to lay the groundwork for a better understanding between the Institution and this committee, in particular. And again, I am not antagonistic toward reviewing the question of the African Museum. I would like to know under what terms it may be acquired.

For instance, I got a letter from you saying that this acquisition was being considered, and consistent with the new policy you were letting us know that it was being explored. Now, is that consultation? Have we been consulted as a result of that letter? I mean, we were notified—we read it in the paper, and we had been notified officially that you were thinking about it, but I would assume that that's not the consultation that these guidelines call for.

Mr. RIPLEY. No.

Senator STEVENS. Before the Board would make a decision on something of that magnitude, will we have before us some sort of a clear delineation of costs, and policies?

Mr. RIPLEY. Absolutely.

POLICY ON FUND RAISING

Senator STEVENS. For instance, you imply there's going to be a new policy applied to the African Art Museum, and I don't believe that it has been applied in any other case—and that is, that you would earmark the revenues from the African Art Museum to the continued operation of the African Art Museum. Is that correct?

Mr. RIPLEY. That African Museum staff has a very effective record of having raised money on their own for their own operations. I refer to the fact that an addition to that kind of budget would be required by the Federal codes. If the Museum were accepted by legislation, there would be continued efforts by the staff

of the Museum to raise funds for additional activities—that is, for their exhibits, for their kinds of ongoing activities they already have.

Senator STEVENS. I understand that. That policy doesn't apply to any other part of the Institution, does it?

Mr. RIPLEY. Yes. Oh, certainly, throughout.

Senator STEVENS. What part of the Institution has earmarking concepts, as far as revenues are concerned?

Mr. RIPLEY. The Archives of American Art, which is a very important but small, well-defined organization is charged under the terms in which it was accepted, with attempting to raise matching funds to help to support it during the year. The amount which appears in our line-item budget is augmented by an additional amount—which we also disclose to the committees—of the amount of money that they raise.

Senator STEVENS. I understand that. That is not what was implied to me with respect to the African Art Museum. We'll have to pursue it later.

But I understood you to imply that the annual program—again, I'm not antagonistic to it at all, nor do I think the committee will be—but they do have periodic and annual fundraising programs.

Mr. RIPLEY. Right.

Senator STEVENS. However, if it becomes part of the Smithsonian, I assume the annual program would go to the Smithsonian, and it would be supported overall from both the unrestricted trust funds and the restricted trust funds and Federal funds, as they are disclosed to the committee.

Mr. RIPLEY. Right. If this is authorized by the Congress, we will set up a budget that we will then come and discuss with the committees, in which we will describe exactly the proportion that we estimate is required to run it under the appropriated process, and the proportion that we can expect to anticipate from revenues generated by their own fundraising activities.

This is consonant with the history of the activities of the Institution, which as you know, under the code, allows the Smithsonian to incorporate trust fund activities within its charter.

Senator STEVENS. Well, there's no disagreement about that, but I didn't know you earmarked annual Smithsonian contributions to any particular activity. I know you've got restricted trust fund money and gifts that are restricted to specific activities, but not the annual fundraising money of the Smithsonian.

Mr. RIPLEY. This is the general principle under which the Associates operate, in which they attempt to raise funds to support the activities of the Institution for increase and for diffusion of knowledge for exhibitions and publications and research. And this is delineated in our budget.

TRUST FUND PERSONNEL

Senator STEVENS. Regarding this term, trust fund personnel: We have in the past expressed concern over the mixture of Federal and trust fund employees. The House investigative report was also critical of this area.

You will recall that I had some comment last year about the dual-personnel system. Why should we continue to have a policy which will permit employees paid from the trust funds to administer federally funded programs?

Mr. RIPLEY. We have Mr. Jameson and Mr. Powers here, Mr. Chairman, who I think can explain this very well.

Senator STEVENS. Well, this is another area that, within your guidelines, is still permitted. Isn't that right?

Mr. RIPLEY. It has been traditional that the Administrator of the Smithsonian—namely, the Secretary—has been employed by the Regents and paid out of trust funds. It is the administrative staff that is the discretionary area which we're talking about.

Traditionally, these people have been supported in the equivalent proportion to the amount of the total expenditures of the Institution, either through appropriated funds, or through trust fund income, so that a balance would be maintained in the administrative core between those persons who are employed under what is called the "private roll," and those persons who are employed under the "appropriated roll." This is traditional with the Institution, and is proportional, we think, quite accurately, often, in fact, audited, to the amounts of our total budget from these categories.

Senator STEVENS. Have you discussed this specifically with the Board of Regents since the Senate hearings last year?

Mr. RIPLEY. Yes, we have.

Senator STEVENS. And they wish to continue the policy of mixing Federal and trust personnel with regard to federally funded programs?

Mr. RIPLEY. I believe the policy is quite explicitly defined and approved by the Board of Regents, and that they concur with this.

REPROGRAMING OF TRUST FUNDS.

Senator STEVENS. If you did not have trust funds, you would have to go through a reprograming procedure to shift Federal funds from one activity to another; by virtue of the fact that you have trust funds available you can shift your funds without any knowledge on the part of this committee or any other committee.

Mr. RIPLEY. No, sir. I think that our guidelines quite clearly determine the fact that there is a threshold within which we cannot operate, either at the Executive Committee level of the Regents, the Regents level, or at the committee level. And we have now been, for the last 2 years, attempting to communicate frequently—to the limit that the committees are willing to listen to it—so as to explain the relationships in this budget.

The implication, of course, when you think of our having two budgets which we administer, is that somehow we are not protecting you, sir, and the Congress, or protecting ourselves—for, after all, it is our own responsibility to sink or swim, as it were, on integrity and honesty in these things—that we're not protecting the Regents, of course, from the possibility that we are shifting funds back and forth between budgets, or pockets, or whatever you will, in some mysterious kind of a shell game. This, we feel, is quite impossible.

Senator STEVENS. We're not saying it's illegal, unethical, or immoral. I am just saying that it looks like a feather pillow. You can move the feathers around anywhere you want.

Mr. RIPLEY. We do not believe that this is physically or intellectually possible, because of our audit system, our total disclosure system, our review by the Regents, and our controls.

ADEQUACY OF FUNDING GUIDELINES

Senator STEVENS. But you have the control and the Congress does not. Any other program that we provide the funds for does not have the freedom to use trust funds, or trust fund paid employees, to supplement Federal programs for which we have denied moneys. And that is the policy that the guidelines fail to implement.

Unless the guidelines are changed so that they reflect a prohibition against using trust funds, or trust fund employees in activities that the Congress has specifically denied moneys for, we will have to promulgate such guidelines, in terms of an annual limitation on your funds. Now, I don't know how to put it any better. We are not happy with the guidelines. We don't think they are specific policies. We think they reiterate the very activities that led to criticism in the past. They give you the same authority to do what you have done in the past. I think you would agree that we have a basic disagreement here, in terms of the guidelines and their restrictions on the use of the trust funds, and trust fund employees in federally programed areas.

Now, where you have total trust fund activities—and I think you do—that are purely, clearly trust fund activities, where the Board of Regents is acting, and you are trustees of moneys that have been received for specific purposes, then I think you have greater freedom than any other institution in the Federal Government, even though there may be Federal moneys partially intermixed.

And we want you to have that freedom. I have no desire to impinge upon that activity at all. What we're talking about is federally funded areas, where you're blending trust fund moneys and trust fund personnel, contrary to the express limitations of the Congress as far as the use of Federal funds is concerned.

Mr. WHEELER. Mr. Chairman, could I make a comment?

Senator STEVENS. Yes.

Mr. WHEELER. It seems to me there has to be a distinction made between areas or amounts of money that Congress specifically states that they do not wish to have those things carried out. Now there's been no instance that I know of where we have used trust funds to do things that Congress specifically told us not to do.

INCREASE OF PERSONNEL IN TRUST FUND BUDGET

Senator STEVENS. Well, I don't think we state that specifically. We just deny the money. You make the request for Federal funds, and we say: "No, we deny the request." And if you decide that you're going to go ahead with it, then you use trust fund employees and trust fund money. And I think that there are instances where you have done that.

Look, for instance, at your trust fund budget that's appended to your justification. You make the point—and I think it is valid—

under zero-base budgeting, that you decided that you can meet your obligations without any increase in personnel under the federally supported budget. But, under your trust fund budget, you've got an increase of 35 people. You don't have an increase in Federal positions, because the OMB has said "no more positions," so the increase comes in the trust fund.

Now, are any of those trust fund personnel to be used in any manner in connection with Federal programs?

Mr. RIPLEY. No.

Senator STEVENS. None of these would be involved in any Federal programs?

Mr. RIPLEY. No, with one or two possible exceptions.

Senator STEVENS. Where will they be working?

Mr. RIPLEY. None of these people are in any sense related to the OMB, or the ceiling restrictions on civil servants.

Senator STEVENS. Your delineation says they are involved in other activities.

Mr. RIPLEY. They are.

Senator STEVENS. What are they?

Mr. RIPLEY. We can supply that. I don't know that we can produce the exact tally, at this moment. Do you have it, Mr. Jameson?

Mr. JAMESON. I'm looking at Tab E of our budget. We'll have to go down the line items, where I think in each case they are shown.

Mr. RIPLEY. They are probably explained in the budget presentation, as a whole. It includes the nonappropriated fund personnel. But we simply have no anticipation that such people would ever be, in effect, surrogates for the people who we would not be employing under the ceiling. We will provide details for the record.

[The information follows:]

DETAIL OF FISCAL YEAR 1979 TRUST FUND POSITION INCREASE

Of the 35 positions, 25 are designated for auxiliary activities, funded from the revenues of those programs, and 7 are for administrative and service units, which are supported by both Federal appropriations and non-Federal funds. The remaining three positions are not appropriate for Federal funding.

Senator STEVENS. Did you ask OMB for an increase in personnel this year?

Mr. RIPLEY. Yes, we did.

Senator STEVENS. How many did you ask for?

Mr. YELLIN. Forty additional positions.

Senator STEVENS. And were they denied?

Mr. YELLIN. They were denied, and we did not appeal that denial because we felt that we could very well live without additional positions for 1979.

Mr. RIPLEY. In these federally appropriated activities, yes. We had to keep these distinctions in mind at all times, and we do.

AUXILIARY ACTIVITY INCOME DECREASE

Senator STEVENS. Now in your trust fund income, you show "other auxiliary activities" as a marked decrease in revenues. Could you tell me what is included in the category "other auxiliary activity"? Why is there going to be such a marked reduction? We

need to know why the income is going down and your employment is going up.

I think we need a clearer delineation of what is involved there.

Mr. RIPLEY. Mr. Wheeler, would you have that?

Mr. WHEELER. I would like to supply that for the record, if I might. That particular decrease which I think you're referring to is \$6.167 million down to \$3.570 million.

[The information follows:]

OTHER AUXILIARY ACTIVITIES

Other auxiliary activities consist of the following components. Estimated income and expense for each component is also shown.

[In thousands of dollars]

Component	Fiscal year 1978		Fiscal year 1979	
	Revenue	Expense	Revenue	Expense
Business management	—	230	—	265
Product development	126	56	70	70
Belmont	220	371	230	280
Performing arts	1,700	1,800	600	800
Smithsonian Press	381	527	425	575
Telecommunications	25	300	100	450
Photo sales	297	353	395	395
Traveling exhibits	418	490	450	550
Publishing task force	3,000	1,700	1,300	800
Total	6,167	5,827	3,570	4,185

We project a decline in income from an estimated \$6.167 million in fiscal year 1978 to an estimated \$3.570 million in fiscal year 1979. The major reasons for the anticipated decline are:

(1) Performing Arts is having a major record sales effort in the current year with gross revenues projected at \$1.7 million. Gross revenues are expected to decline to \$0.6 million in fiscal year 1979;

(2) The Publishing Task Force has published the book, "The Smithsonian Experience" in fiscal year 1978. Gross revenues from sales of this book are projected at approximately \$3.0 million in fiscal year 1978, declining to some \$1.3 million in fiscal year 1979.

OTHER AUXILIARY ACTIVITIES

Mr. WHEELER. Other auxiliary activities consist of a great variety of things—Performing Arts—

Senator STEVENS. Is there any relationship between the funds provided and the funds applied? You've got other auxiliary activities in the funds provided column. And in the funds applied column you've got other activities.

There seems to be a relationship between some of the others—the museum, the magazine—tied to those expenses, but is there a relationship in those categories?

Mr. WHEELER. Yes, sir. Those expenses shown below relate to the income of the above.

In fiscal 1978, for example, gross revenues for other auxiliary activities are estimated at \$6,167,000 and the related expenses are shown at \$5,827,000, thus net income from those other auxiliary activities would be \$340,000. In fiscal 1979, the estimated gross revenues of \$3,570,000 are less than the expenditures of \$4,185,000

of other auxiliary activities, resulting in an estimated loss of \$615,000 in that year.

USE OF AUXILIARY ACTIVITY INCOME

Senator STEVENS. Well, I think you can see why we are confused—at least I am. It appears that you are going to have \$1.8 million in trust funds at the end of 1979, a net increase in your trust fund balance, brought about primarily as a result of increased revenues from the magazine, I take it. That's the way I read this.

You have an increase in revenue from the magazine, to start with—it looks like \$4 million. Why aren't you developing plans to use that increase in revenue, as far as trust fund activities is concerned?

Mr. WHEELER. We have a plan for the expenditure of our trust fund income—if I am interpreting your question correctly.

Senator STEVENS. Well, the real question is: You have a \$1.8 million increase in the trust fund balance by the end of 1979. You could use that, as I gather under your guidelines, without any consultation with this committee, couldn't you?

Mr. RIPLEY. Mr. Jameson?

Mr. JAMESON. Mr. Chairman, if your time permits, could I speak to the process whereby I think—or I hope that your concerns will be, if not eliminated, at least substantially alleviated?

We have several things we are now doing in response both to the Hughes report and to the House survey and investigative staff report—

Senator STEVENS. Well, just do me a favor and answer that question. Can you use the \$1.8 million without consulting this committee?

Mr. JAMESON. It would not be our intention to do so.

Senator STEVENS. The projected trust fund surplus that you have not earmarked in the presentation for any use, can that be used without our approval?

Mr. RIPLEY. No, it couldn't possibly be used without your knowing.

Mr. JAMESON. Yes, sir, it is earmarked. If I understand the question correctly, the uses of these funds are shown in materials that we have provided to you.

Senator STEVENS. It is an increase in the trust fund as a result of income projected this year—

Mr. RIPLEY. Estimated income. It's like—

Senator STEVENS. But if it's there, you can use it without consulting us can't you?

Mr. RIPLEY. We could not use it without consulting with you. We have a budget. This is our trust fund budget. We have explained the budget. We have a detailed examination of the budget. The budget starts by being approved internally. It's approved by the Regents. Then it comes to you, and we have explanations under the items of what we're using—or what we project that we might be using these estimated funds for. This would not be done without your knowledge.

Senator STEVENS. I'm not implying it's a lack of knowledge. I'm saying that if you get the projected revenue that you estimate—

Mr. RIPLEY. We would use it for the projected uses.

Senator STEVENS [continuing]. An increase in the trust fund at the end of the year—

Mr. RIPLEY. We'll use it for the projected uses.

Senator STEVENS [continuing]. Now, is it possible that you can use trust funds from that unused balance in amounts that differ from the projections you've given us in your statement, without consulting with the committee?

Mr. RIPLEY. I do not believe so. I simply can't understand how we could if the funds materialize. Of course, if we didn't receive this money, that would be perfectly simple, and I assume that your committee would understand that if we didn't have the money—

Senator STEVENS. Well, I understand that, but I assume that if the income doesn't come in the trust fund area, you'll come back with a supplemental request; that would be the normal operation.

Mr. RIPLEY. No, it's totally different. With regard to our trust fund budget, we would never expect to come to you and say: So sorry, we didn't get \$1.8 million, or whatever amount it is we're putting down here; will you please make it up for us. It's just an entirely different category of funds, such as a foundation, a university has different sources of funds. The Smithsonian is chartered to have different sources of funds. We explain these funds. We operate on these funds, but we do not supplement one by the other by shifting them back and forth. Our guidelines prevent us; our thresholds prevents us; the Regents' overview by the executive committee every month prevents us. We have no way by which we have such authority.

Mr. WHEELER. Mr. Chairman, could I try and answer?

Senator STEVENS. Yes. I'd be happy to hear you, if that is fully the result of the guidelines; but we don't so interpret the guidelines. We interpret the guidelines to say that you could spend the money or the Board of Regents could authorize you to spend the trust funds, without any reference to this committee—unless, you're going to supplement a Federal program. And this is, I think, unfortunate.

Mr. RIPLEY. I'd be happy to go back and make sure that our guidelines specifically do not say this. With your permission, Mr. Chairman, I would like to provide a statement for the record on this subject.

[The information follows:]

USE OF TRUST FUNDS IN LIEU OF FEDERAL APPROPRIATIONS

The Smithsonian Institution wishes to clarify its position with regard to a particular statement in its response to the Surveys and Investigations Staff Report to the House Appropriations Committee entitled "Smithsonian Institution Accountability and Management Policies and Practices."

Pages iv and v of the Institution's response state the Institution's commitment to a policy of prior consultation with the Office of Management and Budget and the Congress on proposed expenditures of trust funds for activities which could lead to future requests for Federal funds. Recognizing that neither the OMB nor the Congress was obligated to approve such Federal funds, the Institution went on to say that, "If the OMB or the Congress decides not to fund such activities, the Smithsonian should maintain the ability to stop or reduce such activities or operate them only with trust funds." This statement referred to activities previously supported with trust funds.

At the Institution's hearing before the Senate Appropriations Subcommittee, the Chairman expressed strong concern that this ability might extend more generally to

the support of other activities for which the OMB or the Congress failed to provide funding. The Institution's statement should not be interpreted as meaning that the Smithsonian has or wants the ability to thwart the will of the OMB or the Congress by the substitution of trust funds for Federal funds not provided through the appropriations process. Such action would be impolitic and a slight to those bodies and would not be in accord with the policies, procedures, and budgets established for the use of trust funds. The Board of Regents has approved the policy that the use of trust fund income for the unanticipated requirements of an activity usually supported with Federal appropriations will be presented to OMB and the Congress prior to any such commitment. Clearly the denial or reduction of an appropriation request would be a situation falling within this policy and the Institution's policy statement will be changed to clarify and strengthen this aspect.

In the case of the denial or reduction of an appropriation request, however, it would be helpful to the Institution to know whether the action was based on some particular concern for the intended use of the funds (as in the case in the fiscal year 1978 budget request for funds for program planning for the use of the remaining Mall site) or denied, without prejudice, on the basis that the total budget request must be held down to fit overall OMB or congressional priorities. The availability of this information to the Smithsonian would be most helpful in order to allow the Institution to present a requirement for the use of trust funds for an activity deemed important.

AUXILIARY ACTIVITY BUDGET PROJECTIONS

Senator STEVENS. Mr. Wheeler, you wanted to comment?

Mr. WHEELER. Yes, sir.

In the first place, you're referring to this table on page E-1 which is a projection of our current budgets of all funds for fiscal 1978 and fiscal 1979.

Let me say that, with respect to trust funds, the predictions of this type are subject to a great many uncertainties. The things that can affect a magazine are quite well known. What happened to Life magazine, and others. What happens in our museum shops, or our mail-orders, and so forth, are affected by all kinds of outside conditions over which we have no control. Also, there are quick changes in direction in some of these programs.

Senator STEVENS. For instance?

Mr. WHEELER. For example, you asked about why the revenues would decline in those other auxiliary activities, and they're primarily due to two factors—two activities that are included in that "all other" category. One is what we call, at the moment, the Publishing Task Force, and the other is Performing Arts.

It's contemplated that in the current fiscal year, Performing Arts is going to have a major activity of selling records which they produce and they distribute, and their gross revenues for that area are \$1.7 million for that total activity, declining, at a guess, to maybe \$600,000 next year. The Publishing Task Force, which is a new venture or activity, putting out "The Smithsonian Experience," there's a decline estimated next year—purely at a guess—of \$1.7 million in gross revenues, from that alone. This may be entirely wrong, but it's one of those unpredictable things. We know that "The Smithsonian Experience" has been very successful, and has sold over a quarter of a million copies so far. We don't know that what we do next year will produce anything like that success in whatever we do in that area—which will be limited to a very few books which, incidentally, are approved in advance by our Board of Regents.

But those two factors alone, those two activities alone, account for this large indicated decline—but, it may not materialize. It is just our best guess at the moment.

Senator STEVENS. I don't know, your guesses have been pretty accurate in the past.

Mr. WHEELER. As far as the use of these funds are concerned, we present these projections, and will continue to do so, on our best educated guess, demonstrating to the Congress in advance what we think is the wisest, most prudent thing to do with these funds.

And we have outlined our transfer to unrestricted endowment funds of a large part of those surpluses that are achieved. This, we think, and our Board of Regents thinks, that this is the prudent thing to do now to prevent us from falling into a position that we were in prior to 1972 when our trust funds were simply disappearing. We had losses, rather than surpluses, and as Mr. Jameson said, we didn't have a problem of this question of use of Federal versus trust funds, because we didn't have any trust funds to spend.

Senator STEVENS. We're not critical of your activities, or those of the Board of Regents in that regard. If you decided to make a policy and say that 20 percent of your net revenues should go into the trust funds to provide a cushion for future bad years, we'd understand. I mean, that is your calling.

I just want to establish whether you can use them at will, if you have some bumper-crop year, without any consultation with this committee; that's all. And it looks like, under the guidelines, that you could.

Mr. WHEELER. Not without prior consultation.

Senator STEVENS. It seems the guidelines could establish a better relationship—more of a statement of policy as to the use of those funds, as opposed to the guidelines that seem to be, as I say, repetitious of general practices of the Smithsonian in the past.

PRIVATE CORPORATIONS

Let me turn to another thing, if I could, now.

We have discussed, before, the private corporations and private entities that are within the Smithsonian's structure. Now, are there any that exist now in the Smithsonian other than the former Research Foundation and the Science Information Exchange? Are there any other private entities within the Smithsonian that have separate identities?

Mr. RIPLEY. I don't know of any.

Senator STEVENS. What about the research center for natural areas? Does it have a separate identity?

Mr. RIPLEY. That doesn't exist anymore, as far as the Smithsonian is concerned.

Mr. WHEELER. That is not part of the Smithsonian.

Senator STEVENS. What about the interdisciplinary communications program?

Mr. WHEELER. That also has been eliminated.

Mr. RIPLEY. That was the termination of a contract, so that isn't current.

Senator STEVENS. Well, are there any programs funded by trust funds, or any entities funded by trust funds, that are within the Smithsonian's structure that are not set forth in the justification?

Mr. RIPLEY. We do not know of any, Mr. Chairman. In other words, there is none. We have the Smithsonian Science Information Exchange, which you know a great deal about. That, as far as I know, is the only corporate entity which we are still administering indirectly and which has a relationship to the Smithsonian.

COMMENTS OF SENATOR GOLDWATER

Senator STEVENS. Good morning, Senator.

Do you have any questions? We have a series that have been developed here. If you have any specific questions or comments, we'd be happy to have them at this time.

Senator GOLDWATER. Well, I have no specific questions or comments, other than to say that by being a member of the Board of Regents, I have learned that this is not a simple operation. I think that it's wise that you're holding hearings so that, together with Dr. Ripley and others, including the Regents, we can make improvements where needed.

And also, that this is probably the most valuable asset the U.S. Government owns in this community. I know, from working with them, that they realize this, and they want to improve operations just as much as those of us on the Hill would like to see improvements where they are necessary.

Senator STEVENS. Thank you. We are happy to have you here.

NUMBER OF TRUST FUND ACCOUNTS

Dr. Ripley, the House investigative report criticized the varying numbers of trust fund accounts. Has that system been simplified, following their report?

Mr. RIPLEY. I think we effectively rebutted that criticism by pointing out that it is impossible not to have such accounts, and that any accounting procedure that didn't list all such special accounts would be deemed wrong.

This requirement refers especially to restricted accounts. If a donor gives so much money for a restricted purpose, that account has to be set up as an account number for accounting purposes. It would be folly for us to attempt to blend those accounts. We would lose track of them, and we would be, in effect, unjustified in doing so—legally, and morally.

Senator STEVENS. Well, are there any of those established fund accounts that are supported in any way by direct Federal appropriations or by the proceeds of the investment of Federal funds?

Mr. RIPLEY. I don't see that that is possible.

Mr. WHEELER. Mr. Chairman, could I add that, of course our list of accounts includes Federal accounts which are handled separately.

Senator STEVENS. You're not talking about the established fund accounts of donated funds?

Mr. RIPLEY. Trust accounts.

Mr. WHEELER. They are entirely separate. I might say that that separation of accounts is a source of strength, not weakness. Fur-

thermore, it's in conformity with established fund accounting, so-called, which governs accounting for nonprofit organizations such as ours.

ABBOTT FUND ADMINISTRATION

Senator STEVENS. Who administers the Abbott fund for zoological research?

Mr. RIPLEY. All the trust funds which are restricted in effect are administered by name by the Secretary.

Now, when I came to the Institution in 1964, I found that I had a book listing myself as, in effect, the administrator of all the restricted funds of the Institution. I quite quickly assigned the accountability for a number of these to assistants and administrators within the Institution—like the Assistant Secretary of Science. I remain listed as the person in charge of administering the Abbott fund, but this does not mean that I use the Abbott fund income, let us say, for myself.

This is a nominal listing by me as the administrator of this fund. As such a general administrator I can keep in touch with the subject of zoology, research in the Institution, and who is doing such research.

Senator STEVENS. Well, is the use of funds from the Abbott fund approved by the Board of Regents, in accordance with the Hughes report?

Mr. RIPLEY. A budget for the use of the funds—of the restricted funds—is broadly reported to and approved by the Regents, but the Regents do not have to approve every single grant made out of any one of these restricted funds, as far as I know, unless it comes over some extraordinary threshold of use.

Senator STEVENS. Well, a recent article in the press indicated that you had a trip that was paid for from that fund. Now, it is my understanding from the Hughes report that, if such use of funds was to be made, it should be subject to approval by the Board of Regents. Is that the procedure for the future? Will that be followed with regard to the Abbott fund in the future?

Mr. RIPLEY. Would someone care to answer that for me?

Mr. JAMESON. Mr. Chairman, might it be appropriate for your committee's record to make reference to that portion of page 23 of our response to the House surveys and investigation staff report, where we outline, I think quite completely, the budgetary process for the allocation of these restricted endowment funds within the overall budget approved by the Board of Regents?

Senator STEVENS. Well, the question here is in connection with this article that was in the press. We understand that Secretary Ripley made a trip, and that the trip was paid for from the Abbott fund. He is listed as the administrator of that fund.

My question is: Was this trip, or would future trips, in accordance with the Hughes report recommendations, be subject to Board of Regents approval before using funds that were administered in this fashion?

Mr. RIPLEY. The trip was known to the Executive Committee of the Regents. They did not inquire what the expenses of the trip were likely to be incurred by, nor the fund.

POLICY ON PROPRIETY OF AWARDS

Senator STEVENS. Well, as I understand it, the Hughes report recommendation is that the grants that appear to be self-serving that are made to people who are administering a particular fund, should receive prior Regent approval, so that it would eliminate the appearance of self-serving activities by those who administer the funds.

Now, will this Abbott fund, in the future, since—and you are listed as the administrator—will the use of that fund in the future be subject to this concept, as far as the Hughes report is concerned?

Mr. JAMESON. Mr. Chairman, in response to the report of the Audit and Review Committee and the instructions in the House surveys and investigations staff report, we have drafted a procedure for the careful examination of any allocation or award for propriety. That draft procedure will be given to the Board of Regents at its May meeting, and subject to their guidance and approval, we will share that with this subcommittee and the House committee. That would cover all of such allocations.

POLICY ON COPYRIGHTING BOOKS PUBLISHED BY SMITHSONIAN STAFF

Senator STEVENS. Now what is the policy on these guidelines with regard to books that are published by Smithsonian employees but copyrighted by the Smithsonian? Could you tell me that?

Mr. RIPLEY. I am not sure what the question is.

Senator STEVENS. If a book is compiled, and typed, and edited by Smithsonian employees, would it be copyrighted to the Smithsonian?

Mr. POWERS. The rule that has been involved in the past, Mr. Chairman, is that if an employee—a Federal employee—composes a book on his regular time, it is not subject to copyright. This is not by virtue of policy, it's an interpretation of title 44. On the other hand, many employees write books on their own time—particularly when they wish to publish them with outside publishers, which they are encouraged to do. Those works are subject to copyright.

If a trust fund employee composes a work for the Smithsonian, it depends on the arrangement with him, but normally the Smithsonian would be entitled to retain the copyright in that work; yes.

Senator STEVENS. What about yourself and others who are officers, some of whom are paid from trust funds, some of whom are not paid from trust funds. As I understand your statement, some may be paid partially from each. If books are compiled, typed, and edited by Smithsonian employees, will the Smithsonian have the copyright?

Mr. RIPLEY. There's no case that I can think of, Mr. Chairman, in which an employee is paid by each. An employee is paid either by trust funds, or Federal funds.

Now, to answer your question: An officer, as distinct from any other person employed by the Smithsonian, has no particular differential, as far as I know.

Senator STEVENS. Well, how about yourself? If the book is compiled, typed, and edited by Smithsonian employees, would you have the right to copyright it to yourself?

Mr. RIPLEY. I haven't thought of that. No, I don't think so. I'm not sure just what you're referring to.

Senator STEVENS. I understand that there have been some allegations made with regard to various books, and I just want to know if this has been clarified by the guidelines. Maybe that's where we're going. Has it been clarified by the guidelines, in terms of what employees know about their rights, as officers, with regard to books and publications?

Mr. RIPLEY. I believe so.

Senator STEVENS. Well, would you point that out for us? We don't necessarily understand that.

Mr. RIPLEY. Well, I'm not sure about the allegations, but I'm sure we can complete it for the record.

[The information follows:]

PUBLISHING BY SMITHSONIAN EMPLOYEES

It has long been the policy of the Institution that Smithsonian staff are encouraged to submit scholarly and scientific manuscripts to outside publishers and journals and are not required to submit these manuscripts to any internal review. Smithsonian authors are urged, however, to engage in the professional practice of submitting their papers to the review of their colleagues before outside publication (Smithsonian Office Memorandum 719 [rev.] April 25, 1975). Similarly, Smithsonian authors normally discuss the terms of outside publishing agreements with their supervisors.

The publishing agreement provides for the right to publish (normally exclusive), the copyright (including renewals and assignments), royalties (if any), subsidiary and residual rights, and many other matters such as remaindering and termination. No two agreements are identical. Copyright is available, except in the case of a manuscript written by a Federal employee in his official duty hours, but is frequently taken in the name of the publisher, especially when all costs of publishing are borne by the publisher.

Royalties are a separate matter from ownership of copyright. Many scholarly publications do not pay royalties. As a general rule, royalties may be accepted by employees except in cases where the writing of the manuscript by the author is carried out during regular duty hours. As stated above, it is the Institution's policy to encourage these extra publication efforts, and the responsibility for complying with the limitations noted rests with the individual author.

In the case of Mr. Ripley, as with all of his predecessors who served as Secretary of the Smithsonian Institution, he has been expected to continue active research and writing. Consequently, the Institution has provided him with laboratory and secretarial assistance. Smithsonian staff members have been employed as research assistants in the preparation of one book that has been copyrighted by Mr. Ripley and two other publications from which he has received some royalties. All research assistance furnished the Secretary has been pursuant to the understanding between him and the Board of Regents made prior to acceptance of his present position that he would be furnished research assistance so he could continue to carry out scholarly research and publication efforts during his term as Secretary. Publications that have resulted are: (1) *The Sacred Grove*; (2) *Handbook of the Birds of India and Pakistan*; and (3) *Rails of the World*. All three works were begun prior to Mr. Ripley's tenure as Secretary, and only finished up since he came to the Smithsonian.

Support for Mr. Ripley's research has been provided in part with trust funds and the balance with Federal funds, although all profits received by Mr. Ripley from any research or publication efforts supported by the Smithsonian either with trust funds or Federal appropriations have been turned over to the Institution. In December 1976, Mr. Ripley established the Smithsonian's Natural History and Conservation Endowment Fund, to be a repository for royalties that had accrued to him and would accrue in the future, as well as for his other contributions to the Institution. Except for some initial royalty payments from *Rails of the World* that were used to offset publication costs, all royalty payments from *Rails of the World* are placed into this fund. Mr. Ripley also placed in the Smithsonian's Natural History and Conservation Endowment Fund amounts that exceed the total of the royalty payments he

received from the Handbook of the Birds of India and Pakistan and from the Sacred Grove. Secretary Ripley has no control over any disposition of that fund.

Similar to other endowment funds, the terms for the Smithsonian's Natural History and Conservation Endowment Fund provide that for a period of time (expected to be at least several years) all income from that fund is to be reinvested into principal. Not until well into the future will any income become available for specified purposes which are for projects only in ecology, systematics, and the study of the distribution of insects and birds.

RIGHTS OF SMITHSONIAN AUTHORS

Senator STEVENS. I mean in the guidelines, is it clear to everybody—officers and people who are on the staff—what the rights of employees are? Concerning staff personnel who are the authors of particular publications that are prepared, compiled, and typed by Smithsonian employees, can those publications be copyrighted to the individual author? We would just like to have it for the record. The staff will get more information about the allegations.

PRACTICES THAT APPEAR TO CONVERT FEDERAL ASSETS TO TRUST FUNDS

Now, the House commented upon the practices that tend to convert Federal assets into trust funds. One example was the use of Federal employees and facilities to instruct George Washington University students, with the Smithsonian's share of resulting tuition fees going into trust funds. This is what is called lecture honoraria.

The real question is: Is there need for a clear and specific policy on Federal-trust funds and how the return from Federal funds is reflected with regard to those trust funds?

Do you think that this also is made clear in the Smithsonian policy guidelines? That is, is there a clear guideline that we can rely on for future activities of the Smithsonian, regarding the use of Federal assets and Federal funds and the resulting returns from those?

Mr. RIPLEY. Mr. Jameson?

Mr. JAMESON. Mr. Chairman, as we pointed out in our reply, in these relationships that exist within the Institution, we don't believe that we have converted Federal assets to private funds; nor, for that matter, converted trust funds to Federal assets. The Institution does work, to a very large degree, as a single organization supported from a variety of funding sources, and we hope that we are in the process of improving the information that we are giving to this committee and the House committee, so that you will understand what we are about.

Throughout the Institution's activities are Federal employees who, from time to time, are called upon to supervise trust fund matters and vice versa. When I was in the budget office, I was a Federal employee, and part of my responsibility was general oversight with Ames Wheeler, a trust fund employee, for budgets of the Institution.

We do receive a share of tuition fees in connection with courses that are jointly administered with local universities, and instructed by civil service employees. We think that our practice of retaining this small portion of the share that we receive is consistent with our general handling of lecture honoraria. The funds we receive go

back, to a very large extent, into educational projects, and putting support to students.

It's unfortunate, I think, and we discussed it a bit at the House hearing, that there is suggestion that somehow it is Federal funds versus trust funds. We don't look upon it as a versus or adversary relationship. We are trying, I think increasingly, through the success of our auxiliary activities, to apply trust funds to public purposes, and indeed we are applying increasingly large amounts to those ends. And I think, through our 5-year planning process, and the budgets that we will share with you, that these fund and personnel relationships will become clearer to your committee.

Senator STEVENS. Pardon me, just a minute.

Dr. Ripley, there are some matters that I must attend to on the floor. We will recess until 1:30 this afternoon.

SUBCOMMITTEE RECESS

[Whereupon, at 10:20 a.m., the hearing was recessed, to reconvene at 2:10 p.m., this same day.]

(AFTERNOON SESSION, 2:10 P.M., THURSDAY, MARCH 16, 1978)

SMITHSONIAN INSTITUTION

CONVERSION OF FEDERAL ASSETS TO TRUST REVENUES

Senator STEVENS. We will continue the hearing.

We were discussing the investigative staff's findings in the House on the problem of conversion of Federal assets into trust funds. Perhaps my question really wasn't clear, so let me state it another way: In your opinion, are there any practices or any uses of trust accounts that involve the conversion of Federal assets or services into trust fund revenues?

Mr. RIPLEY. Mr. Jameson, please.

Mr. JAMESON. Mr. Chairman, one area that the House staff referred to in its report, we think it's very appropriate for us to look at more carefully. And that is the matter that came up earlier in the hearings today, of providing, in effect, rent-free space in buildings on the Mall for office, warehouse, inventory, and sales operations of some of our auxiliary activities. It is not a very large amount of space, or a very large amount of money, but I think there is an important principle here. The Regents have indicated that they would like to consider this matter at the May meeting.

PURCHASE AND SALE OF ANIMALS

Senator STEVENS. Well, last year we talked about the so-called Chrysler fund with Dr. Reed. That fund is supported by revenues from the sale of zoo animals. It was my understanding that some of those animals were purchased with Federal funds. Now is that right? Or do I misunderstand?

Mr. RIPLEY. Dr. Reed is here, Mr. Chairman. I'm sure he can reply to this.

Senator STEVENS. It's nice to see you again, Dr. Reed.

Mr. REED. Thank you, sir.

Senator STEVENS. I think it's the same policy we're talking about. Are the proceeds from the sale of animals purchased with Federal funds converted into trust funds by putting revenues from their sale into trust accounts?

Mr. REED. This has never occurred, sir. We have only derived financial benefit from the sale of offspring from animals purchased from the purchase fund, probably mated with animals that were purchased from private funds. [Laughter.]

Senator STEVENS. It can only happen at the zoo, I hope. [Laughter.]

Mr. REED. Well——

Senator STEVENS. We jest.

Mr. RIPLEY. We haven't gotten into cloning yet, Mr. Chairman.

Senator STEVENS. We won't worry about that. That is something—well, let me put it this way. Are the funds that you get

from the sale of the offspring, are they limited to the acquisition of animals, for the future?

Mr. REED. Generally speaking, they're limited to the acquisition of animals which might include the related costs of crating, shipping, and other expenses in getting animals. Animals are rather expensive to get here to the zoo.

Senator STEVENS. Do the funds you get from the sale of those animals go into the Chrysler fund?

Mr. REED. Yes, sir, as well as other donations we receive from citizens.

Senator STEVENS. The money goes into that fund?

Mr. REED. No, when people wish to make a donation for the purchase of animals, we put that into that fund so that we won't have more little funds.

Senator STEVENS. The impression that I got last year is not correct? The impression I had was that funds from the sale of animals go into the trust fund, and in some instances those animals have been purchased with Federal funds. There is no such situation?

Mr. REED. I do not believe that we have ever sold an animal that was purchased with Federal funds. It would be contrary to our purpose. If we buy it with Federal funds, we want the animal. It may be that, in past years, we had an animal that was surplus to our needs after 5, or 6, or 10 years of exhibition, that we have sold, but to my knowledge this has not been done—but it might have.

Senator STEVENS. I am glad to have that clarified, because we misunderstood.

Mr. REED. I'm sorry, sir.

SMITHSONIAN RESEARCH AWARDS PROGRAM

Senator STEVENS. Thank you, Dr. Reed.

Now let me turn to the Smithsonian Research Foundation. That was abolished? Is that right?

Mr. RIPLEY. Yes.

Senator STEVENS. How are research awards now being administered?

Mr. RIPLEY. Mr. Challinor can, I think, describe this very accurately, Mr. Chairman. He administers that program.

Mr. CHALLINOR. Mr. Chairman, the research awards program is now administered directly from the Office of the Assistant Secretary in accordance with all Federal rules and regulations.

Senator STEVENS. In 1978, the funding of research awards was for the completion of ongoing projects. You've got a request now to bring the program back up. What is vital about this program, as far as the Smithsonian's policy is concerned?

Mr. CHALLINOR. In agreement with the report of the House investigation staff, I would like to state that this particular program of the Institution is what we feel produces the highest quality research. In other words, this is a competitive program limited to scientists and scholars from the Institution whose proposals are reviewed by eminent outside scientists and scholars. About 50 percent of the proposals submitted historically have been funded,

which is about the same ratio of proposals the National Science Foundation funds.

Senator STEVENS. One of the reasons you have given in the past for this research awards program was that there was a congressional limitation on National Science Foundation grants, dating back to 1966. Is that congressional limitation still in effect, now?

Mr. CHALLINOR. Yes, sir.

Senator STEVENS. Now, did the Smithsonian receive half a million dollars in National Science Foundation grants in 1977?

Mr. CHALLINOR. In 1977, we perhaps got from all sources within the National Science Foundation, I would guess some \$300,000 or \$400,000. These were grants made to the Smithsonian for projects that had a high priority for the National Science Foundation. In no case—virtually no case that I remember, was a grant from the National Science Foundation made directly to an individual federally employed Smithsonian scientist.

NATIONAL SCIENCE FOUNDATION GRANTS

Senator STEVENS. Well, what is the level of National Science Foundation grants to the Smithsonian for 1978? And what do you project for 1979?

Mr. CHALLINOR. I would project for 1978, some \$200,000 or \$300,000 in grants; about the same, for 1979.

If I could give you an example of a grant from the National Science Foundation to the Smithsonian, one is for about, \$25,000, of which I am the principal investigator. The grant is from that program in the National Science Foundation called "The Public Understanding of Science." The National Science Foundation has asked the Smithsonian to undertake this particular program as a high priority for the National Science Foundation, to invite distinguished scientists to come to the Smithsonian to debate important scientific issues. We had one such meeting last night, which filled the auditorium. That particular meeting was funded by the National Science Foundation from a grant to my office.

Senator STEVENS. Well, why don't we deal with the congressional limitation on the National Science Foundation grants, rather than build yours back up again. I mean, you're really saying that you need additional money in your budget because the NSF grants are limited by congressional policy.

Mr. CHALLINOR. As a matter of personal preference among the scientists at the Smithsonian, they would prefer to compete, on a nationwide basis, with their peers throughout the country, in private museums and universities, for those grants. It is my understanding that the OMB and Congress, in this case, have advised us—the Smithsonian—that we are no longer eligible. We, individual scientists at the Smithsonian, are no longer eligible to compete for grants from the National Science Foundation to do individual research projects.

Senator STEVENS. Has there been any congressional review of the 1966 policy on NSF that you know of?

Mr. CHALLINOR. I do not know, Mr. Chairman.

Mr. RIPLEY. It was suggested last year, by Mr. Yates in the House, that it seemed perfectly simple—this was done in 1963,

under Congressman Albert Thomas, who at that point established this prohibition.

Senator STEVENS. In 1963?

Mr. RIPLEY. Yes, 1963. He was the Chairman of the Subcommittee on Science in the House, hearing an appropriation request in the fall of 1963, and he promulgated this policy that no agency, or related organization receiving a direct Federal appropriation should be allowed to have its research scientists working within that organization apply to the National Science Foundation for a grant—feeling that the organization itself should come to the Congress and say: We have x scientists working on research, they're working for us, and therefore they should be able to have some money to be applied for research; but, ask the Congress directly. And this has been a trial and a tribulation for us ever since, because in effect it discriminates against our being able to employ well thought of and highly regarded and skilled scientists.

If they cannot get research funds on a peer basis, where they are in competition, then they lose out in a long-term way as far as their careers are concerned.

Senator STEVENS. Was that put into law anywhere, or into any specific policy?

Mr. RIPLEY. It was in the appropriations language for the National Science Foundation budget, as I recall. It was not legislated—enacted as a legislative action; it was in appropriations language. But the National Science Foundation, naturally, very happily acceded to this because it meant that they could then distribute their funds to the organizations in the States which had, perhaps, more charisma, shall we say, in terms of the congressional approach toward the problem.

Senator STEVENS. All right, we'll correspond with Congressman Yates—

Mr. RIPLEY. I may say, Mr. Chairman, nothing would please us more than to somehow be able to get back into a rational and sensible approach toward allowing our scientists to advance in their careers. Because these substitute funds, which were granted, then, in 1965, have never begun to match the amount which we feel that our own scientists deserve, were they in competition across the field—across the States with their peers.

SCIENCE INFORMATION EXCHANGE

Senator STEVENS. Last year we suggested you take up the matter of the Smithsonian Science Information Exchange with the Board of Regents. The justification this year mentions that the status of that Exchange will be part of the administration's reorganization plan, and that you have discussed the matter with OMB. Has the Board of Regents taken a position on this matter, now?

Mr. RIPLEY. Mr. Challinor?

Mr. CHALLINOR. It is my understanding, Mr. Chairman, that the Board of Regents will follow whatever recommendation is proposed by the President's reorganization plan for disposition of the Science Information Exchange.

Senator STEVENS. Have there been steps taken to convert this Exchange to a Federal entity?

Mr. CHALLINOR. We have discussed, and met with the OMB at a large meeting, 4 or 5 months ago, at which were present officials from the National Science Foundation and other Government agencies on what should happen to the Smithsonian Science Information Exchange. No specific conclusions were reached, and on the advice of the OMB we were told to wait until the President's reorganization plan had come up with their recommendation. We are ready at any time to follow what those recommendations might be.

Senator STEVENS. Well, what about this 1979 request? Does that follow the desire of the committees that the user charges reflect the actual cost of providing this information exchange?

Mr. CHALLINOR. Yes, it does, Mr. Chairman.

Senator STEVENS. What kind of increases are involved here?

Mr. CHALLINOR. We're asking for 350,000 new dollars, and we have explained in our appropriation request what those amounts are to be used for.

Senator STEVENS. My question, though, is: Are the users to be charged any more?

Mr. CHALLINOR. For the users, Mr. Chairman, we do not anticipate increasing the rate. We had a 20-percent increase in rates in April 1976. We feel that is as high an increase as we can handle now, without reducing the demand for our services. That is as much as the market can reasonably bear.

Senator STEVENS. Well, what is the deficit in that operation, now? Under this budget, under 1979, what will the deficit be?

Mr. CHALLINOR. Well, we are not allowed to operate under a deficit, Mr. Chairman.

Senator STEVENS. What's the difference between your revenue and your cost of operation for the Exchange?

Mr. JAMESON. Mr. Chairman, we do project that user revenues will increase significantly between 1977 and 1979. In 1977, they were \$1,254,000; projected to be \$1.5 million in fiscal year 1979. Part of the problem has been that the fairly significant cut this year has curtailed the Exchange's ability to keep its files current.

Senator STEVENS. I am just trying to keep the record clear. What are your projected revenues in fiscal year 1979?

Mr. JAMESON. \$1.5 million.

Senator STEVENS. And what does it cost to operate the exchange?

Mr. JAMESON. \$3,718,000.

Senator STEVENS. And that difference is to be made up with Federal funds?

Mr. JAMESON. \$2,218,000.

USERS OF EXCHANGE

Senator STEVENS. And do the users still include some non-Federal entities?

Mr. JAMESON. All users pay for output services.

Senator STEVENS. Some of them are non-Federal?

Mr. JAMESON. Yes, sir.

Senator STEVENS. Corporate people?

Mr. JAMESON. Yes, sir, I believe so—private industry.

Senator STEVENS. And do you have any idea how much of the use is business use, as opposed to use by the scientific or educational community?

Mr. CHALLINOR. It is a relatively small percentage, Mr. Chairman. For example, I would guess that private industrial use is less than 10 percent of the total use we have of the output from the Science Information Exchange. The bulk of the use comes from Federal agencies requesting information on ongoing research.

Senator STEVENS. Federal agencies such as who? The Woodrow Wilson Foundation type of request?

Mr. CHALLINOR. Yes, we currently have nine contracts, for example, to furnish information: one with the Environmental Protection Agency, the National Science Foundation, NASA, the National Library of Medicine, the Departments of the Interior, State, Veterans Administration, and the National Institute for Dental Research. Then there is another one on the current center research projects and analysis center. And this estimated total in 1978 will be \$903,800 in contracts.

That represents about 70 percent of the total user income. Those are the big contracts we have. The other 30 percent I would split 10 percent perhaps from individual businesses—we have a \$6,700 contract from the Swedish Government—but the other ones are spread mostly with smaller Federal agencies and smaller requests.

Senator STEVENS. Is this primarily computerized information?

Mr. CHALLINOR. It is all computerized; yes, Mr. Chairman.

STATUS OF EXCHANGE

Senator STEVENS. And as I understand it, you're awaiting the decision at OMB, regarding the President's reorganization plan?

Mr. CHALLINOR. We are awaiting a decision from them on where the OMB feels the science information should best be located.

Senator STEVENS. And the Board of Regents has not made a recommendation.

Mr. CHALLINOR. Only to accept the recommendation of the OMB, or whoever decides.

Senator STEVENS. Well, has there been any indication of any recommendation to take it away from the Government, or to turn it into a private operation?

Mr. CHALLINOR. No, not to my knowledge, Mr. Chairman.

Senator STEVENS. Well, then, why haven't you taken steps to convert it to a Federal entity? It is still a non-Federal entity, controlled by the Smithsonian, isn't it?

Mr. CHALLINOR. Yes, it is a Smithsonian Science Information Exchange, incorporated under the laws of the District of Columbia, so it is a separate entity. We will do whatever we are told to do with it. We are simply waiting to be told what to do.

Senator STEVENS. We thought that was what we decided last year. Would you say that the role of this entity is in doubt now, as far as the Smithsonian's continued operation is concerned?

Mr. CHALLINOR. Yes, I think it is. I think the Government realizes the importance of the role it is playing. I think there is some confusion about where it should be most appropriately located. We, the Smithsonian, took the responsibility of operating this facility

from the National Science Foundation, at their recommendation. It is not something we sought out to run on our own.

Senator STEVENS. I remember the background.

I want you to know we still look at it as absorbing moneys. There is a \$350,000 increase in it now. We would rather see that money provided directly as Federal support for the legitimate functions of the Smithsonian itself. I think you're carrying a white elephant along with you here, as far as I'm concerned.

Mr. CHALLINOR. I agree, Mr. Chairman. This is our albatross, right now.

Senator STEVENS. Well, we're in agreement, then. We'll see what we can do about it. Do you have any idea at all about timing of the OMB decision?

Mr. CHALLINOR. The spring of 1978 is the closest time that we have been told.

Senator STEVENS. OK, thank you very much. We'll just have to look into it. Let me ask you one other question. Where did the request for increased funding come from? Is it your people who are running it?

Mr. CHALLINOR. The people who are running the Science Information Exchange prepare a budget, just as the other activities of the Smithsonian do. This budget is then justified and sent to the President's OMB, where it is also reviewed, and then we are allowed to ask the appropriations subcommittees for those amounts.

Senator STEVENS. All right.

I don't want the record to indicate we're belittling the system, at all, or the need for the system. It just seems to me that if there is to be a system, that the Government or private entity ought to pay the costs to provide the system. And if it's the Government, they ought to justify, before the committees that handle their affairs, the actual cost of acquiring the data that's involved in the system—rather than have it come through here, where we really don't review those program requests.

Now I would hope that we could get it worked out this year.

MUSEUM SUPPORT CENTER

You are asking for design money in the amount of \$575,000 to complete planning for the Museum Support Center. Will that construction begin in 1980?

Mr. RIPLEY. I have Mr. Perrot here, Mr. Chairman, who you will remember from last year, who is the Assistant Secretary for Museum Programs, and in whose charge this program is. I would like him to speak to this question.

Mr. PERROT. Mr. Chairman, we received \$325,000 in fiscal 1978 for preliminary planning, and are asking this year for \$575,000 to complete the planning. At the request of the OMB, however, we have not started the planning process, pending the completion of a study on the Institution's collection practices, the needs of its collections, the pattern of growth anticipated in the future, and experience in the past.

That study was completed in the fall, and submitted to the OMB, as well as to the various committees of Congress, and has been accepted by the OMB. As a result, they have no objection now to us

proceeding with this planning, and we are now in the process of negotiating with the GSA for inviting proposals from architects.

In the meantime, we are refining our internal requirements, and within the next few weeks we expect to be able to testify before the Senate Rules Committee where we hope to receive approval for construction authorization.

Senator STEVENS. The construction has not yet been authorized?

Mr. PERROT. No, sir.

To answer your question, if I may, we expect to have a construction start in 1980, and it is on this basis that the budget has been prepared—an estimated construction of \$21.5 million, or thereabouts.

Senator STEVENS. Is it still valid?

Mr. PERROT. We are refining our requirements, as carefully as we can, and we are confident that we can come fairly close to doing what is required with this amount, Mr. Chairman.

Senator STEVENS. Do you anticipate annual requests for construction, or are you going to try and get lump-sum funding for it?

Mr. RIPLEY. That is in the hands of the committees of Congress. We would suggest an appropriation under contract authority.

You will recall, Mr. Chairman, our last construction was the Air and Space Museum, and it was carried out on that basis. We were able to adhere to the budgeted sum and come in ahead of budget—something that hasn't been done, I believe, since the Supreme Court building was built.

Senator STEVENS. We're not doing too well with our own building, I'll tell you that. [Laughter.]

Mr. PERROT. Mr. Chairman, would you indulge me for one further word? The Museum Support Center is of vital necessity if we are going to take care adequately of the collections which have been entrusted to us. It is not a storage warehouse; it is a complex research center, but primarily a center concerned with the conservation of collections, and it is very urgently needed if we are going to live up to our obligations, moral and legal, for our collections.

Senator STEVENS. Will there be public facilities in that center?

Mr. PERROT. Researchers will be allowed to come and study the collections that we store and conserve there. In addition, we expect the building to be a good neighbor and to take advantage of the lay of the land which allows for nature trails and various educational programs for the schools of the area.

We do not expect that this will burden the budget, but we do expect it to provide a welcome cultural activity in the Suitland area.

Senator STEVENS. Thank you very much. We're anxious to help on that project.

SUPPORT FROM THE ENDOWMENTS

We directed that both the Endowment for the Arts and the Humanities, discontinue their grants to other Federal agencies. Now, you have in the past received grants from the endowments. Did you receive any for fiscal 1978?

Mr. RIPLEY. I have Mr. Blitzer here, Mr. Chairman, who is assistant secretary, as you know, for history and art. I think he can answer any questions on these subjects.

Mr. BLITZER. Mr. Chairman, we have least two continuing grants for which we're asking replacement funds in 1979, as the Secretary alluded to this morning, which would support the Joseph Henry Papers project and the Charles Willson Peale Papers project. Beyond that, I can't recall any others that we have in 1978, but I think to be safe I should look and supply that.

[The information follows:]

FISCAL YEAR 1978 ENDOWMENT GRANTS

The only grant being awarded by the Endowments to the Smithsonian Institution in fiscal year 1978 is for a Black, Third World Filmmaker series. This grant for approximately \$13,000 was awarded by the National Endowment for the Arts to the Smithsonian Resident Associates Program, an activity which receives no Federal funds.

ORAL HISTORY OF JAZZ

Senator STEVENS. What about the oral history of jazz? The Endowment for the Arts says it's a contract, rather than a grant. Has that been treated as a contract?

Mr. RIPLEY. That's under Mr. Euell's charge.

Mr. EUELL. Yes, there is a contract that we have, or that we've been working on. We were asked by the Endowment to pick up on a project that they had funded earlier, and which wasn't very successful.

We have several people on our staff who are experts in this area, so they asked us to do a study, which we did, to decide what course we should take to preserve this material—which is primarily interviewing some of the older musicians who play jazz. And the urgency of this project is because many of these musicians are not likely to live much longer; men like that are dying out.

So we did the study, and then took the project on in 1974. About 3 years ago, we were asked by the Endowment to cooperate by providing some funding ourselves.

We attempted to do this, to expedite the project, but our request was not approved.

Senator STEVENS. I don't recall that request.

Mr. EUELL. I don't believe it came to your committee, sir.

Senator STEVENS. Well, the House deleted it, I think.

Mr. EUELL. Yes.

Senator STEVENS. What were the terms of the contract? Were they any different from any other grant? We directed them not to do it, but it seems to be continuing here. What kind of a contract do you have with them?

Mr. EUELL. Well, the basic terms of the contract are to identify those artists who should be interviewed; and second, and very key, to identify interviewers who can do the kind of interviewing needed. In most cases, the people who are doing the interviewing are musicians themselves, or are men and women who lived through a certain period in time who had a very close relationship with some of these very important artists who existed during that time and who were playing that style of music.

CURRENT ENDOWMENT GRANTS

Senator STEVENS. Well, I'm told the Smithsonian made a request for a \$13,000 grant to the anthropological film center from the Endowment. Is that right? Does anyone know about that?

Mr. RIPLEY. Mr. Challinor?

Senator STEVENS. I just want you to tell us for the record why the Smithsonian sought a grant for that film center from the Endowment.

Mr. CHALLINOR. To the best of my knowledge, Mr. Chairman, we received in fiscal 1976, \$142,000 from the National Endowment for the Humanities, and \$28,000 from the National Endowment for the Arts, for a total of \$170,893.

We have no request—we have received no grants from either NEH or NEA in fiscal 1977, nor in fiscal 1978.

Senator STEVENS. Have you made any requests for grants for that center?

Mr. CHALLINOR. We have not. We have made requests for proposals to raise money, but not from those two endowments, Mr. Chairman.

Senator STEVENS. I see.

I'm told by Mr. Dyer that at their hearing it was set forth that you had made some requests. Would you clarify that for the record with them. We do not wish to change the policy that was approved by both the committees last year that the Endowments of Arts and Humanities discontinue their grants to Federal agencies. Agencies involved should make requests to us, directly, for programing, and we think that would be the proper way to do it. So we'd like to have you explain it for the record, if you could.

Mr. CHALLINOR. If there was indeed such a grant, Mr. Chairman, I will be happy to furnish information on it.

Senator STEVENS. All right, the staff will give you the information from our record, if you like.

[The information follows:]

The grant in question was received by the Smithsonian Resident Associates Program, an activity which receives no Federal funds, from the National Endowment for the Arts. The grant was in the amount of \$13,000 for a Black, Third World Filmmaker Series.

COOPER-HEWITT MUSEUM

Senator STEVENS. On the Cooper-Hewitt Museum, you have a request for a \$200,000, increase, up 56 percent in one year. Half of that amount is to replace grants from the Arts and the Humanities. Now, to what extent in the past has the Endowment supported that museum?

Mr. BLITZER. Mr. Chairman, the museum has received grants from, essentially, the Arts Endowment, and one from the Humanities Endowment, at least as far back as 1972, before it was open to the public. The total grants in fiscal 1976 were \$77,000.

Senator STEVENS. Well, would you give us a statement for the record of the Endowment grants to Cooper-Hewitt in the past?

Mr. BLITZER. Yes, sir.

[The information follows:]

COOPER-HEWITT MUSEUM

History of grants from the National Endowment for the Arts and the National Endowment for the Humanities

Endowment	Purpose	Responsible individual	Amount	Date
NEA	Sidewalk shows.....	Rohlfing	\$10,000	July 31, 1972
NEH	Wallpaper in 19th century	Frangiamore	14,980	Nov. 8, 1972
NEA	Utilization of museum textile collection.	Rohlfing	9,789	Apr. 17, 1973
NEA	Visiting library specialists	Rohlfing	7,880	Mar. 19, 1974
NEA	Immovable objects.....	Twining	9,600	June 1, 1974
NEA	Exhibition of French and Italian prints.	Dee	15,395	June 24, 1975
NEA	Renovation of Carnegie mansion ..	Dobkin	200,000	June 6, 1975
NEA	Immovable objects II: the subway.	Globus	25,000	June 22, 1976
NEA	Handbook on Cooper-Hewitt Collections.	Rohlfing	27,620	Dec. 1, 1976
NEA	Equipment for textile study-storage center.	Dobkin	24,910	Do.

REPLACING ENDOWMENT GRANTS AT THE COOPER-HEWITT

Senator STEVENS. Do you consider the Endowment grants as Federal funds?

Mr. BLITZER. Yes, sir.

Senator STEVENS. You're saying "yes," and he shakes his head "no." I'd like to adjust my peripheral vision here, but could you tell me how is that treated financially?

Mr. RIPLEY. Mr. Jameson, would you answer?

Mr. JAMESON. Well, it is clear that the source of the money is Federal. When the moneys are received by the Institution, we treat them as trust funds, separately accounted for, properly reported back to the parent host agency.

Senator STEVENS. Well, if that is the case, and we cut off that source of funds, why didn't you replace the Endowment grants with trust funds? Or do you want to replace the Endowment grants with Federal funds?

Mr. RIPLEY. Charles?

Mr. BLITZER. Mr. Chairman, could I say a couple of things about this, in terms of that question?

Through an odd series of events, the Cooper-Hewitt Museum has now been placed in the position of being, as far as I know, the only museum in the United States that is not eligible to receive Federal funds of any kind for its program. This came about because the Smithsonian voluntarily, at the beginning, announced a policy of using its appropriations, insofar as possible, only to support the maintenance of the collections and the buildings. Then, this committee decided a year ago that the Cooper-Hewitt, as well as other Smithsonian museums, should not be eligible to receive grants from the Arts and Humanities Endowments. And the result of these two separate things was to make it the only museum that cannot receive Federal funds for its programs—that is, for its exhibits and educational activities. This is a very difficult position for a museum that's struggling to get on its feet—and if I may say, doing a brilliant job of it.

Now, as to your specific question, I can only say that the administration of the Smithsonian and the Board of Regents looked at

the available funds and made a budget. The decision was made that the trust fund should be used for other purposes, and in pursuance of the instructions from this committee, we are coming to you to seek funds that we were forbidden to seek from the Endowments.

Senator STEVENS. We thought the original funding strategy for the Cooper-Hewitt was to use the trust funds, except for protection and preservation. Is that what this increase is for?

Mr. BLITZER. No, sir. But part of that strategy which we adopted, was the result of our hope—subsequently fulfilled in fact—that the museum would be good enough to receive funds from the Endowments, and it has. Our commitment was that our appropriations should not be used for the programs of the museums—educational activities; and that those activities should be supported by funds that it had raised itself, funds that the Smithsonian contributed, and funds that would come and did come in fact from the Endowments. Now that that source has been cut off, and we've been told to come to you with those kinds of problems, we have come to you with this one.

I would like to say, sir, over the 8 years from 1969 to 1976, the total appropriated funds that have gone into the Cooper-Hewitt Museum were about \$1.5 million; the total nonappropriated funds—that is, funds not appropriated to the Smithsonian—were approximately \$5.3 million.

Senator STEVENS. Is it correct that a substantial portion of those were Federal funds and they were turned into trust funds?

Mr. RIPLEY. Very few. I think just the grants from the Arts and the Humanities.

Mr. BLITZER. About half a million dollars, altogether.

Mr. RIPLEY. Possibly 10 percent of the funds that we have raised, then, were from these Endowments.

Senator STEVENS. I see.

Mr. BLITZER. If I might add, Mr. Chairman, this is in a way a bit like the previous discussion about the National Science Foundation. Frankly, we were rather comfortable with the notion that this museum would have to go and compete for scarce Endowment funds with all the other museums in the country, and we were very proud that they did so well. But, now that's no longer possible.

TRADE COMMISSION BUILDING

Senator STEVENS. You seem to be extending the Smithsonian umbrella over museums. You've got the Cooper-Hewitt, the museum support center, and you are interested in the Museum of African Art. There is also an indication that you want to take over the International Trade Commission Building. Would that be used for museum purposes?

Mr. RIPLEY. Yes, it would. That is what we'd hoped to expand the National Collection of Fine Arts and the National Portrait Gallery into. It's the adjacent building.

It's an old building which is suitable for the same kinds of functions that the Patent Office Building was. As you will recall, the Smithsonian was deeded, as it were, by Congress the Patent Office Building because it was thought to be most suitable as a historic building to become a museum. The adjacent building is in

the same category. It is more suitable, we believe, for this kind of public use than it is for offices for a Government bureau. And in fact the GSA is inclined to agree with us.

Senator STEVENS. Do you have any other buildings under consideration?

Mr. RIPLEY. No.

Senator STEVENS. Are there any other museum concepts under consideration?

Mr. RIPLEY. No. We constantly turn down, as I know you are aware, Mr. Chairman, suggestions of this sort, to build other museums, or to take them over. Every one of these we have provided, and will provide as part of our reports to the Congress, the things that we've turned down. Every one of these is looked at specifically on its merits by the Regents, and in 99 percent of the cases we turn things down.

MUSEUM OF AFRICAN ART

Senator STEVENS. Well, what about the Museum of African Art? Do you expect that an authorization would be granted by Congress in this session?

Mr. RIPLEY. We do not know. It is in the lap of the Congress.

Senator STEVENS. I haven't seen any indication of any timetable, at all.

Mr. RIPLEY. A bill was introduced by Senator Wendell Anderson, acting for Senator Humphrey in the closing years of his life.

Senator STEVENS. Yes.

Mr. RIPLEY. A similar bill was introduced by Mrs. Boggs in the House. These bills had conforming signatures, by additional Members of the Congress who supported it. We are waiting to see what the result will be.

Senator STEVENS. Would it be your intention to take over the existing structures of the museum?

Mr. RIPLEY. The agreement proposed with the trustees of the African Museum is that we would take over the entire enterprise—that is, the real estate, as well as the collections—and then we would have leeway, or freedom to determine how best to exhibit these objects, and to determine—again, with reporting by our Regents, and so on—as to what the future course should be. We reserve the right, in any such agreement, to have freedom of action. So that, pending budgeting strictures and problems, we would have complete leeway to carry on as best we could, in the interests of the collection.

Senator STEVENS. Well, I understand there is approximately \$1 million per year operating requirement for that museum. Do you have any details on the amount of private funding that would be available to support that?

Mr. RIPLEY. I think Mr. Blitzer has those figures.

Mr. BLITZER. Mr. Chairman, we worked out a budget with the present staff of the Museum of African Art, making projections in terms of 1979 dollars, which shows a total income for the year of \$1,086,000, of which we are told by the management of the museum, about \$390,000 would come from outside sources, leaving \$696,000 operating expenses on the Federal side. We feel, however, that in the first year, if the Smithsonian becomes responsible for

this museum, we probably will have to spend a certain amount of money to repair some of the property, to bring it up to standards, which is why we suggested that the initial authorization for the first year be \$1 million, of which our guess is that \$700,000 would be for operating, and \$200,000 or \$300,000 for the buildings.

Senator STEVENS. Do you think it is wise to go into the cost of a rehabilitation program on those structures—I think most of us know them pretty well—when you've got under consideration taking over this Trade Commission Building? Would it be possible to consolidate some of these activities, in terms of the structure and physical costs?

Mr. BLITZER. As the Secretary indicated, the proposed agreement between the Smithsonian and the museum and the proposed legislation leaves the Smithsonian free, in consultation with everyone, to do whatever seems best. We have no commitment to stay there forever. If there is better space, and if the director of the museum fully agrees with us, then it would be a very good idea to move into it.

SUBMITTED QUESTIONS

Senator STEVENS. I may have some additional questions concerning the Trade Commission Building, which I will submit to you, Mr. Ripley.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

TRADE COMMISSION BUILDING

Question. Several weeks ago you advised the Committee of the possibility of acquiring the International Trade Commission Building. Has anything occurred since that letter that would make the possibility more likely?

Answer. We have continued to explore with the General Services Administration and the U.S. International Trade Commission the possibility of the transfer of this very significant building to the Institution. These agencies seem to share our enthusiasm provided a suitable alternative site can be found for the Commission. There are no significant developments to report.

Question. Do you have any cost information? This is, of course, a difficult figure to come up with, but perhaps you can provide a ballpark estimate.

Answer. The General Services Administration is currently developing by contract a building condition study and design concept for renovation and partial restoration of the Trade Commission Building. It is our understanding that this project includes installation of a new heating and air conditioning system, extensive replacement of the electrical and plumbing systems, upgrading of elevators and handicapped facilities, repair and replacement of portions of the roof, some replacement of windows and other exterior repairs, and redesign of the courtyard and its substructures. Based on our experience with the restorations of the Renwick Gallery and the Fine Arts and Portrait Galleries, we believe the renovation suggested above and a comprehensive architectural restoration of the Trade Commission Building would cost between \$12 and \$14 million in today's construction market. We assume that a more precise construction cost estimate can be provided by the General Services Administration during the early stages of design, and we will be pleased to forward this information as soon as it is available.

Question. As you see it now, would the building be limited to expansion of the National Portrait Gallery?

Answer. No, we see the building serving the exhibition, reference-collection storage and use, research, and education needs of the National Collection of Fine Arts and the Archives of American Art as well as the National Portrait Gallery. These three activities now share the old Patent Office Building immediately across F Street from the Trade Commission Building and all of them are beginning to feel a space pinch. We think that an excellent long-term solution to their needs can be provided by the acquisition of the Commission Building.

OPEN MEETINGS OF BOARD OF REGENTS

Senator STEVENS. Has the issue of opening the Regents meetings to the public been discussed any further?

Mr. RIPLEY. Yes, Mr. Chairman. I'm sorry that Mr. Webb isn't here to speak directly to this, or any other questions you have about the Regents, as he was this morning.

Senator STEVENS. I know he was here this morning, and I'm sorry that he had to go. I just wanted to know whether it had been discussed.

Mr. RIPLEY. It's under continual discussion. Oh, I can report to you, as Secretary of the Board, that it is under continual discussion. It will be brought up again at the May meeting.

Under the present situation, the meetings are closed, but very extensive briefings are given following the conclusion of the meetings, to those press who are fully free to attend and come to the briefings. We have done this several times, now, and there has been some press interest in these briefings.

Senator STEVENS. Are they recorded—the meetings?

Mr. RIPLEY. We keep minutes of the meetings. Is that what you mean?

Senator STEVENS. Is there a tape recording of them?

Mr. RIPLEY. We have a recording system in which a tape is kept. Then these are edited, very painstakingly, to try and keep the stream of consciousness correctly, so that the resolutions and the procedure—the business of the meeting, is fully reported.

Senator STEVENS. Has the question been raised as to whether those minutes are available under the Freedom of Information Act?

Mr. JAMESON. I believe that specific question has not been raised, Mr. Chairman. We have made minutes available to, for instance, the surveys and investigations staff and the General Accounting Office.

Senator STEVENS. Would you have any objection to making the minutes available to the staff of this committee?

Mr. JAMESON. None whatsoever.

Senator STEVENS. I will ask them to make arrangements with you so that we can get that—the minutes, when they are available in the future.

SUBMITTED QUESTIONS

Mr. Ripley, I think if you'll permit me, I will submit several of the other questions for your response in the record. We also have questions from Senators Hatfield and Bellmon.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

FY 1978 SUPPLEMENTAL REQUEST

Question. Your FY 1978 supplemental request totals \$1.1 million to cover increased utility costs. With a request for this large an amount, can you briefly explain why your original estimates were so low?

Answer. The budget formulation process for the FY 1978 budget began approximately 2 years ago. It is virtually impossible to project successfully that far in advance the potential effect on utility rates of proposed legislation, negotiations with OPEC nations, and other economic factors, such as the coal strike. Rate increases are often announced with little advance warning and occasionally have been retroactive. For example as late as October 1977, we were notified that the General Services Administration, from whom we buy steam, anticipated no increase in the cost of this utility. However, in November 1977, just one month later, the cost of steam was raised from \$7.00 to \$8.00 per 1,000 pounds. In addition, usage requirements in new facilities and the more severe than normal winter weather experienced this year, have resulted in substantially higher usage estimates than originally predicted. Without the major conservation efforts instituted over the past several years, particularly the program of computerized power management which has substantially reduced costs associated with "peak demand" usage, it is estimated that our current shortfall would be significantly higher.

Question. You make no mention of absorbing any of the costs for utility increases. Are you attempting to absorb any of the unanticipated need?

Answer. Each year in every area of operations, the Institution absorbs higher costs. A few examples include such items as printing and reproduction, service contracts, museum storage cases, health insurance benefits and executive level salaries costs resulting from last year's executive pay raise. In the latter item alone, the Institution is absorbing some \$480,000 in unfunded additional costs in FY 1978. While we try to budget more funds to cover these costs, inevitably there is a lag between expenditures at higher costs and additional funding for such expenditures.

We have reviewed and will continue to review the Institution's resources for potential savings which can be reapplied to the utilities area. Such savings however cannot be identified at this time without seriously hampering program activity previously approved by the Congress.

Question. Give us details of how you arrived at this estimate for the record. Also, provide information on the impact of absorbing a portion of these costs.

Answer. The following chart reflects estimated usage and rate data on which we based the utility supplemental request of \$1,100,000.

Estimated Totals for FY 1978

	<u>Use</u>	<u>Unit Cost</u>	<u>Cost</u>
<u>Utility</u>	<u>Millions of lbs</u>	<u>Average \$</u> <u>per 1,000 lbs</u>	<u>\$1,000s</u>
Steam	259	7.94 ^{/1}	2,056
	<u>Millions of KWH</u>	<u>Average \$ per KWH</u>	<u>\$1,000s</u>
Electricity	88	.0458 ^{/2}	4,030
	<u>Hundred</u> <u>Cubic Feet</u>	<u>Average \$</u> <u>per 100 cu. feet</u>	<u>\$1,000s</u>
Gas	1,042,000	.2879	<u>300</u>
Total Cost			<u>\$6,386^{/3}</u>
Amount Budgeted			<u>5,300</u>
Supplemental Request			<u>\$1,100</u>

Note: This display pertains only to utility costs paid from the central utilities account administered by the Office of Plant Services.

^{/1} Average rate is weighted to reflect monthly consumption at varying rates in effect each month. The chronology of recent rate increases has been: February 1976, \$6.25; April 1977, \$5.75; August 1977 \$10.00; October 1977, \$7.00; November, 1977, \$8.00.

^{/2} Average rate anticipated in FY 1978 based on available information on rates from utility companies, past year experience, and projected increases deemed likely as a result of the present energy situation. This rate incorporates basic rates, demand charges, and fuel adjustment charges.

^{/3} The cost of fuel oil is estimated to add an additional \$40,000 to this total.

Any attempt to absorb these costs would only compound the impact of other inflationary increases which are already being absorbed by the units, thereby further hindering the accomplishment of approved program objectives.

Question. Does your FY 1979 budget for utilities take into account these rate increases?

Answer. Our FY 1979 budget request has taken into account these rate increases. Moreover, in anticipation of additional cost savings resulting from conservation measures, most significant of which will be the completed installation of the computerized power management system, a slight reduction in the utilities base has been proposed by the Office of Plant Services.

Question. Can you explain the statement in the justification indicating that you will return any unused supplemental amounts to the Treasury? Are you saying that this estimate is inflated?

Answer. As previously explained, there is substantial uncertainty involved in the projection of utility costs. Utility rates and

related surcharges change with little notice, and have occasionally been retroactive. In addition, the summer is the peak period of electrical usage. Unseasonably hot or cool summer weather can result in significant variation in our current cost estimates for this utility. Thus, in recognition of the difficulty in developing precise estimates, we feel that any supplemental amount received for utility costs which turns out to be excess to our needs should remain unobligated and be returned to the Treasury at the end of the fiscal year.

ADDITIONAL COMMITTEE QUESTIONS

Overhead Recovery

Question. On the FY 1977 trust fund print out, \$2.3 million is listed in one account as "overhead recovery" from federal grants and contracts, and \$1.2 million for the same purpose under auxiliary activities. What exactly is this for and how is it put to use? Aren't overhead costs already covered by appropriated funds?

Answer. The management and administrative service units of the Smithsonian are staffed and otherwise supported in part by federal funds and in part by trust funds. The ratio of federal to trust fund administrative support is approximately in proportion to the operating program expenditures of the Institution as a whole. The trust fund administrative costs, which were approximately \$5.0 million in FY 1977, are recovered by the application of an overhead charge against the trust and grant and contract funds expended. This assessment, or overhead recovery, for FY 1977 amounted to \$2.3 million for grants and contracts, \$1.2 million for auxiliary activities, and \$1.5 million for all other trust fund activities. All trust funds, therefore, bear their proportionate share of the total trust fund administrative costs. The system of allocating overhead and the equity of the charge to federal agency grants and contracts is audited annually by the Defense Contract Audit Agency and the rate applicable to grants and contracts is agreed to by the Office of Naval Materiel. This procedure is outlined in the draft statement on "Policies and Procedures Governing the Use of Appropriated Funds; Contracts and Grants; and Trust Funds" which has been submitted previously to the Committee.

Smithsonian Research Foundation

Question. With the demise of the Smithsonian Research Foundation, how are you handling federal grant and contract funds from other agencies?

Answer. Grant and contract awards are made by federal agencies to the Smithsonian Institution as an educational institution, under the cost principles of the Federal Procurement Regulations and the Armed Services Procurement Regulations (Subpart 1-15.3 and Section 15, Part 3, respectively). These funds have always been received directly by the Smithsonian, not through the Smithsonian Research Foundation, and therefore the termination of the Foundation has had no effect on the administration of these funds. Consistent with fund accounting principles used by non-profit institutions receiving such grants, the Institution establishes a separate restricted fund account for each award, and expenditures are closely monitored to ensure that they conform to Smithsonian procedures as well as to the specific terms and conditions required by law and regulation, and as agreed to between the parties. Federal agency grants and contracts are audited annually by the Defense Contract Audit Agency.

Question. Do you still bank these federal funds in private accounts?

Answer. The great majority of the federal agency grants and contracts received by the Smithsonian are cost-reimbursable, requiring the Institution first to expend its trust funds for the project and then seek reimbursement by billing the federal agency. The amount of such reimbursements due the Institution at any one time has ranged from \$1.9 to \$3.2 million to date in FY 1978 and thus tie up very substantial amounts of trust funds, without which similar amounts of advances of federal funds would be required if the projects were to be continued. Reimbursements to the trust fund when received are deposited in the bank accounts of the Smithsonian, as more fully described in the GAO audit of Smithsonian banking practices in 1977.

Smithsonian Science Information Exchange

Question. What is included in the Smithsonian Institution services provided to the Exchange? The FY 1979 request includes \$175,000 for this purpose.

Answer. Each year the Smithsonian Institution and the Smithsonian Science Information Exchange sign an agreement whereby the Institution, for a fixed fee, agrees to provide certain administrative and fiscal services to SSIE; the current agreement contains the following language:

"SI will provide SSIE those fiscal and administrative services which are ordinarily furnished privately funded programs in bureaus of the SI. Fiscal and administrative services include, but are not limited to the following:

- Maintaining all financial records and accounts;
- Performing financial reports to SSIE management;
- Conducting payroll operations;
- Managing retirement and fringe benefit plans;
- Performing internal audit functions and procuring an annual independent audit;
- Preparing for filing required corporate financial reports;
- Rendering personnel management assistance including equal employment opportunity assistance;
- Furnishing legal advice by SI in-house legal counsel and outside counsel in matters not involving litigation;
- Rendering supply and procurement services requested."

The Smithsonian administrative offices which provide these services to SSIE as well as to other trust fund and federally supported activities are funded from both appropriated and nonappropriated funds. The fee received from SSIE is used to reduce the nonappropriated costs of these offices. As described earlier, the fee, or "overhead," represents cost recovery to the Institution for services rendered, and is not "income." The overhead system is audited annually by the Defense Contract Audit Agency.

Endowment Grants

Question. Are there any grants being awarded in FY 1978? If so, please give us the details at this point.

Answer. The only grant being awarded by the Endowments to the Smithsonian Institution in FY 1978 is for a Black, Third World Filmmaker series. This grant for approximately \$13,000 was awarded by the National Endowment for the Arts to the Smithsonian Resident Associates Program, an activity which receives no federal funds.

Question. What about the anthropological film center? At its hearing the Arts Endowment indicated there is a request for a \$13,000 grant to the center. Can you explain why you sought this grant?

Answer. The grant request in question was made by the NEA to the Smithsonian Resident Associates Program (trust funded) for a Black, African and Third World Filmmakers Series. It is not an NAFC application.

Question. Are there any grant requests in the works for FY 1979 for any Smithsonian programs, and specifically for the anthropological film center?

Answer. There are no grant requests for funds in FY 1979 from the National Endowment for the Arts from the Smithsonian Institution including the National Anthropological Film Center.

Temporary Positions

Question. Getting back to personnel, the issue of temporary positions is one that has troubled the committee. Personnel ceilings force some agencies to maintain high numbers of temporary positions who work virtually full-time. What is the situation at the Smithsonian? How many full-time temporary positions are on the Smithsonian's federal payroll?

Answer. As of February 28, 1978 there were 101 full-time temporary employees on the Smithsonian's federal payroll. These employees consisted of scientists, museum technicians and specialists, laborers and craftsmen. These individuals were hired for the duration of a particular project or program. The use of temporary employees for this purpose is more cost effective than hiring full-time permanents, and makes better position management sense in that the Smithsonian is not required to retain these employees beyond the completion of the specific assignment for which they were hired.

It should be noted also that from April 1 to September 15 of each year the Smithsonian hires, on a temporary basis, about 200 additional guards, buildings maintenance workers, and aides associated with its extended visitor hours.

Question. The object classification does not break out the temporary personnel costs. Provide that information for the record, and insure that it is clearly shown in future budget submissions.

Answer. The Smithsonian's FY 1978 Salaries and Expenses account includes an amount of \$1.5 million (combined amount for salaries and

benefits) for all categories of temporary personnel costs. We will be happy to provide this information in future budget submissions.

Utilization of Trust Funds

Question. The tables provided with the justification display trust funds for your operating programs, but no mention is made of land acquisition or construction activities. Is any construction or land acquisition contemplated with trust funds in FY 1979?

Answer. The budget estimates for FY 1978 and FY 1979 provide for transfers from Unrestricted Trust Funds to Plant Funds of \$550,000 and \$100,000, respectively (page E-1 of Justification); it is anticipated that these funds will be used for the following land acquisition and construction activities:

FY 1978

Barney House renovation	\$ 45,000
Chesapeake Bay Center Land Acquisition	55,000
- Laboratory Wing Construction	300,000
South Yard Fencing and Gates	<u>150,000</u>
	\$550,000

FY 1979

Chesapeake Bay Center Land Acquisition	\$ 52,000
Reserve	<u>48,000</u>
	\$100,000

While the Institution has in the past received restricted gifts from outside sources for construction and land acquisition, none are presently expected in FY 1978 or FY 1979.

Question. Can the committee expect to be notified if any projects of this nature come up during the year?

Answer. The committee will be notified if additional projects of this nature come up during the year and further if there is any significant variation in these planned expenditures.

Tropical Research Institute

Question. You have a request for \$125,000 to replace a dormitory at the Tropical Research Institute in Panama. Is this the first federally funded construction project at the Institute?

Answer. This is not the first federally funded construction project at the Institute. Federal funds in the amount of some \$300,000 have been appropriated to the Tropical Research Institute for projects specifically identified and described in the Institution's Fiscal Year 1970, 1971, 1973, 1974 and 1975 budget submissions to the Congress under the Restoration and Renovation of Buildings category (or its equivalent).

In addition, approximately \$400,000 under the Restoration and Renovation of Buildings "General" category have been applied to the Institution's structures.

Question. The justification indicates that the Panama Canal Treaty will not affect your work at the Institute. However, if the treaty is approved you indicate that the Smithsonian will be designated by both governments as custodian of the island. Will this expand your work in any way?

Answer. Yes, the ratification of the Panama Canal Treaty is expected to expand our activities in Panama. At present, we are undertaking a review of post-ratification operations and have identified several areas that will necessitate additional resources. The Smithsonian is at this time dependent on the Panama Canal Company for certain routine services which will no longer be provided with the Company's demise. Legislation to implement the treaties is still in the preliminary stage and we are uncertain about how certain services will be handled. We do, however, anticipate the need for additional personnel including a customs clerk to handle new import procedures and game wardens to patrol Barro Colorado and the adjacent peninsulas. The Tropical Research Institute will assume administrative responsibility for the Nature Monument consisting of Barro Colorado Island and adjacent land points, for both governments, as provided in an exchange of notes corollary to the new Treaty. As the major scientific installation concerned with tropical biology in Panama, the Smithsonian Tropical Research Institute is under increasing demand for environmental consultation to the government.

The Smithsonian is also planning to establish a natural education center on the Bohio peninsula across from the Canal from Barro Colorado Island. The facility would serve as a model for the establishment of other parks in Panama and would assist in the development of a conservation ethic important to the maintenance of the Canal. We are currently seeking governmental and private foundation support for this effort.

A projection of needs associated with the Panama Canal Treaty will be forwarded to the Committee as firm data is developed.

Question. Going one step farther, will the Government of Panama make any contribution to the ongoing research efforts?

Answer. We cannot predict future contributions from the Republic of Panama. We do expect that the Government will continue its cooperation with the Smithsonian Tropical Research Institute (STRI) in making available natural areas for field research and in carrying out its existing agreement with STRI which allows simplified immigration procedures for STRI personnel and the remission of certain import duties, particularly those for scientific equipment.

Chesapeake Bay Center

Question. You are proposing the first federally funded construction project at the Chesapeake Bay Environmental Center in FY 1979 -- \$150,000 for a maintenance building. Why do you now choose to seek federal funding?

Answer. The ecological research programs of the Chesapeake Bay Center for Environmental Studies have reached a point where they are recognized as having national significance in the formulation of environmental policy and in making environmental management decisions. Moreover, the Center's education/public information programs strive to disseminate research findings to appropriate agencies and the general public. In view of the relationship between the Center's programs and public policy, it was determined that a request for federal funding for construction would be appropriate at this time.

Question. If this request were denied, would you attempt to accomplish it with trust funds?

Answer. Depending upon the terms of the denial, the Institution might try to accomplish the construction with trust funds. Such action would be taken only after approval by the Board of Regents, OMB and the Appropriations Committees with full information on estimated attendant operating costs.

Question. What facility expansions are envisioned for the Chesapeake Center in the next few years? Are they to be federally funded? Please provide a plan for improvements anticipated for the Center for the next five years, and include sources of funding.

Answer. The Center envisages completing a 5-phase development plan over the next several years. The 5 phases, estimated construction costs, planned year of construction and source of funding are as follows:

<u>Phase</u>	<u>Building</u>	<u>Planned Year of /1 Construction</u>	<u>Est. Cost</u>	<u>Source of Funds</u>
1	Laboratory	1977	\$350,000	Unre- stricted Trust
2	Maintenance	1979	\$150,000	Federal
3	Administration and Laboratory	1980	\$775,000	Federal
4	Dormitory for Visiting Students and Scientists	1982	\$250,000	Federal
5	Office for Staff	1984	\$750,000	Federal

/1 Actual construction years may need to be changed depending on overall Smithsonian Institution priorities.

Museum Support Center

Question. At this point, how long do you estimate construction of the Support Center will take?

Answer. It is expected that construction will start in 1980, and the building shall be substantially completed, at least for partial occupancy, by the latter part of 1982.

Question. The justification mentions that the planning money will in part be used to hire temporary staff and to monitor the effort. How many positions do you plan to utilize? What is the total of these temporary positions?

Answer. We plan to utilize two positions, a project coordinator and an architectural/engineering liaison person. The total annual cost of the positions is about \$68,000.

Question. You are projecting slightly more than \$2 million and 88 positions for operation of the Support Center. When can we expect a request for operations? Will you require the full operation budget in the first year, or will you phase up to this level?

Answer. We expect to include a request in the FY 1981 budget for a few positions to permit maintenance personnel to be trained for the new building and insure an orderly phasing-in as soon as occupancy is permitted. Remaining personnel will be sought in fiscal years 1982 and 1983 as required. Operational costs would also be phased. The full request for operations and personnel will be made in the FY 1983 budget. Annual operating costs for the building are currently estimated to be 68 positions and \$1.7 million. Up to approximately 20 positions and \$375,000 will be required in FY 1982 and FY 1983 for the Conservation-Analytical Laboratory, and to establish the conservation training program.

* { We also expect to request funds for the National Museum of Natural History, Conservation-Analytical Laboratory and the National Museum of History and Technology for one-time expenses associated with preparing the collections for the move, transporting them to the Center and acquiring specialized laboratory and training equipment. We anticipate that these expenses will amount to approximately \$1.5 to \$2.0 million, and that the request for funds will be included in the FY 1980 and/or FY 1981 budget submissions.

Question. You have already acquired 59 acres, and are in the process of acquiring an additional 23 acres. Are you authorized to acquire the land?

Answer. The last tract of 23 acres was transferred to the Institution by the General Services Administration in March, 1978. Public Law 94-98, signed by the President on September 19, 1975, authorizes the Institution to prepare plans for a Museum Support Facility, and provides in Section 2, "The Museum Support Facility referred to in Section 1, shall be located on federally owned land within the metropolitan area of Washington, District of Columbia. Any federal agency is authorized to transfer land under its jurisdiction to the Smithsonian Institution for such purposes without reimbursement." All land transferred to the Smithsonian has been federal land.

FEDERAL AND TRUST ASSETS

Question. Provide information on the income and expenses for the Chrysler Fund of the National Zoological Park for FY 1976, 1977 and 1978, and indicate if any funds were derived from the sale of animals originally acquired with Federal Funds.

Answer. The income and expenses of the Animal Acquisition Fund (Chrysler Fund) for this period are as follows:

(in 1,000's)	FY 1976 and T.Q.	FY 1977	FY 1978 (To 2/28/78)
Beginning Balance:	\$ <u>14.5</u>	\$ <u>45.2</u>	\$ <u>48.0</u>
<u>Revenue</u>			
Gifts	\$ 19.6	\$.3	\$.1
Sale of Animals	40.1	15.5	1.2
Other Misc.	.8	1.7	1.1
Total Revenue	<u>\$ 60.5</u>	<u>\$ 17.5</u>	<u>\$ 2.4</u>
<u>Expenses</u>			
Animal Purchase	\$ 19.3	\$ 14.7	\$ 9.0
Travel and Shipping	5.8	1.9	2.5
Other	6.4	1.3	.4
Total Expenses	<u>\$(31.5)</u>	<u>\$(17.9)</u>	<u>\$(11.9)</u>
Transfers In (Earned Interest)	<u>\$ 1.7</u>	<u>\$ 3.2</u>	<u>\$ -</u>
Net increase (decrease)	<u>\$ 30.7</u>	<u>\$ 2.8</u>	<u>\$(9.5)</u>
Ending Balance	<u>\$ 45.2</u>	<u>\$ 48.0</u>	<u>\$ 38.5</u>

Revenue from the sale of animals during this period was \$56,700, representing the sale of approximately 150 animals of all types. The records indicate clearly that most of these animals were born at the Zoo; it is not believed that any of the others were animals originally acquired with federal funds, but a search of the records will be made to determine if this occurred. The expenses of the Chrysler Fund for this period have been limited to purchase of animals and costs of transportation, travel of employees to pick up animals, insurance, and other related expenses. A detailed listing of all transactions in this Fund will be made available should the Committee wish it.

Question. Are there other funds (like the Chrysler Fund) where federal assets are converted to trust?

Answer. The Institution maintains no funds, including the "Chrysler Fund," for the purpose of converting federal appropriations into trust fund resources.

The Institution does maintain a number of trust fund accounts that interact with the federal appropriations accounts in order to insure that the proper user of services pays for required services; whether the user is a federal or a trust fund unit.

One instance of this kind of transaction is the Resident Associates Program, a trust fund unit requiring the services of the Office of Protection Services for an after-hours event. The cost of providing guard services (at overtime rates) is borne by Protection Services federal funds since guards are all federal employees. Protection Services submits a bill for services rendered to the Resident Associates. Since it is improper to reimburse federal salaries directly, the Smithsonian Institution established a trust fund account to accumulate these reimbursements. This fund is available to the

Office of Protection Services to use for other direct costs such as uniforms, etc., which otherwise would have been federal expenditures. In other words the higher S&E salary expenses are directly offset by lower "other object" expenses.

The same principle holds true for any of the Smithsonian Institution's support units, such as the Office of Exhibits Central, the Building Managers, Office of Plant Services, Photo Services, and others. It is the stated policy of the Institution (supported by a number of Office Memoranda) that any unit, trust fund or federal -- internal or external -- must pay for services rendered or facilities used to insure that the Smithsonian Institution does not use S&E dollars to subsidize any costs related to specific activities that have other sources of support.

The Institution does also from time to time receive reimbursement for services performed for outside organizations. An example of this would be the share of tuition fees received in connection with courses jointly administered by local universities and instructed by Smithsonian Institution employees.

The Institution's response to the House Investigative Staff (Part X) states that the treatment of such receipts is "consistent with the handling of lecture honoraria received by Smithsonian employees and contributed to programs within their museums. Many of these funds are applied to educational projects including support to students using Smithsonian facilities. Teaching is a desirable and encouraged part of the duties of the Institution's professional staff as a significant contribution to the 'diffusion of knowledge.'" The response to the House Investigative Staff Report points up additional examples of this type along with clear justifications.

SALARIES AND EXPENSES

Travel

Question. The travel increase for FY 1979 is \$275,000, or a 46 percent jump. Can you explain the necessity of this large an increase, especially in light of the fact that you are requesting no additional permanent positions?

Answer. The requested travel budget for FY 1979 of \$814,000 is \$226,000 over the estimate for FY 1978. Of the \$226,000 increase, \$95,000, or about 40 percent is estimated to be required for the Research Awards Program, an activity dedicated to field research, some of which is for substantial duration. The remaining \$131,000 represents the additional needs of 34 separate organization units for field studies and collecting, meeting with prospective donors to the National Collections, attendance at important professional meetings where our staff frequently preside at work sessions and present papers, and for adequate administrative assistance to and supervision by headquarters personnel of activities located away from Washington, D.C. We should also mention that fares, per diem and other costs continue to rise.

Question. The object class breakdown provided for each program element shows that travel increases are being offset by reductions in the printing, contracting, and equipment object classes. Is this based on

an honest assessment of need, or are you simply shifting funds to achieve an increased travel ceiling?

Answer. An adequate travel budget is extremely important to our ability to plan, conduct, and manage our programs. In order to help achieve more funds for travel, certain units have redirected funds from other object classes, but this has been done only where the remaining funds in those other categories of expense are estimated to be adequate for program needs.

Question. How do you explain travel increases in areas with no changes in personnel? Some elements have no personnel adjustments whatsoever, yet adjustments are made to accommodate higher travel amounts.

Answer. The estimates of required travel have been based on planned staffing levels and are reflective of the fact that a greater capability is essential to our programs and of the fact that travel costs have risen sharply in recent years and continue to rise.

Necessary Pay

Question. Roughly \$1.3 million is earmarked for "uncontrollable increases" in the areas of pay and compensation. The narrative explains that absorption of these costs would severely hinder your programs. Are you saying that no attempt has been made to absorb any of the pay costs?

Answer. No, while we are requesting that the cost of within-grade step increases, annualization of legislated General Schedule and Wage pay raises and workers' compensation costs be funded in full, we are absorbing the entire costs of the Executive Pay raise which became effective during last year. The full year cost of the Executive Pay raise, approximately \$480,000, is being absorbed by the Institution. Any further absorption would severely hinder our programs.

Question. How did you arrive at your estimate of \$328,000 for workers' compensation payments? Is this simply a continuation of FY 1978 payments in FY 1979?

Answer. This request is not for a continuation of FY 1978 payments in FY 1979. Rather, the \$328,000 will cover the actual bill from the Department of Labor's Office of Worker's Compensation Program for the period July 1976 - June 1977.

SCIENCE

Museum of Natural History

Question. Under the Museum of Natural History you are seeking \$165,000 to increase research support. How long has the support been at the level of \$2,000 per scientist?

Answer. Over the last six fiscal years our support funding, not including salaries and benefits, has decreased as a percentage of total available budget. The present support level of approximately \$2,000 per scientist is the lowest experienced over this period. During this six year period support has ranged from the current low to as high as approximately \$3,200 per professional scientist.

Question. If the increase is granted you will be able to provide \$3,500 in support to each scientist. Will that level be bolstered with any private support money?

Answer. Funds from various restricted private trusts would be available, as they have been for a number of years, for support in selected areas of research. However, averaged over all members of the scientific staff, the additional support obtainable would not exceed \$500 per scientist.

Question. You are also proposing two new program efforts within the Museum of Natural History--the amphipod research program and the insect sorting center. Since the amphipod program (is) related to pollution is there any tie-in with EPA or any other federal agencies?

Answer. There is no programmatic tie-in with EPA or any other federal agency, but we expect that EPA and perhaps some other federal agencies will be very interested in the results obtained.

Question. Obviously this is only the beginning of your research effort. How much do you eventually plan to earmark for amphipod research after the initial \$25,000? What are the future costs?

Answer. We would like to see support for the program grow to approximately \$60,000 per year over the next 4 to 5 years, during which time intensive activity will be going on to gather the scattered data on the group. Once this is accomplished, in approximately 5 years, continued funding should drop back to the \$25,000 per year level for maintenance of the program.

Question. Tell us a little more about the Insect Sorting Center. It appears from the justification that you propose to establish a service to the entire scientific community. Is that correct?

Answer. Yes, we do intend to provide a service to the entire scientific community eventually. At the start we will run an essentially in-house operation, servicing the Smithsonian Tropical Research Institute, the Chesapeake Bay Center for Environmental Studies, and the Museum of Natural History for the first three years of operation. After this shake-down period, presuming the program is able to grow somewhat, service will be provided to the entire scientific community.

Question. Once the Center is established, what kind of program increases can we anticipate?

Answer. We do not anticipate asking for increased funding during the three-year shake-down. Beyond that point we envision the program growing to approximately \$100,000 per year, involving approximately 8 positions.

Question. Are any private funds earmarked for either the Insect Sorting Center or the Amphipod Research Program? (If so, how much?)

Answer. No private funds are earmarked for either project.

Smithsonian Astrophysical Observatory

Question. Although you are not proposing a program increase at SAO, you propose significant changes in object classes. Will you explain these changes as they appear in A-11 of the Justification.

Answer. The changes in object classes are due to the following three actions:

1. Deletions of some programs of low scientific priority;
2. Application of resources freed-up as a result of the above action to programs of high scientific priority; and
3. Redirection of base funds necessitated by programmatic changes in the Multiple Mirror Telescope (MMT) and Langley-Abbot Programs.

Each of these three actions is described in detail in A-13 of the Justification, and their respective effect on the distribution of resources by object class is displayed below.

<u>Object Class</u>	<u>Necessary Pay</u>	<u>Deletions</u>	<u>Additions</u>	<u>Redirec- tion</u>	<u>Total</u>
Personnel Compensation	+\$29	\$-279	+\$100	+\$ 72	\$- 78
Personnel Benefits	+ 8	- 27	+ 10	+ 7	- 2
Travel	-0-	-0-	+ 2	+ 8	+ 10
Transportation	-0-	-0-	-0-	- 6	- 6
Rents, etc.	-0-	-0-	-0-	-118	-118
Print. & Reproduction	-0-	-0-	-0-	-0-	-0-
Other Services	-0-	- 7	+ 55	+ 72	+120
Supplies & Materials	-0-	- 5	+ 42	+ 1	+ 38
Equipment	-0-	- 6	+115	- 36	+ 73
Grants	-0-	-0-	-0-	-0-	-0-
Totals	<u>+\$37</u>	<u>\$-324</u>	<u>+\$324</u>	<u>\$ -0-</u>	<u>\$+ 37</u>

Question. How are you able to decrease rent and utilities by \$118,000; are your space requirements changing?

Answer. During FY 1978, the MMT Project, which is Federally funded, will require the support of the Observatory's engineering, technical and administrative support trust fund employees to assist in the assembly, integration and systems test of the telescope. The personnel costs of these trust fund employees will be charged within the accounting system to a special cost center in the trust funds overhead accounts in the same manner they used to charge personnel costs to Contracts and Grants. In exchange for these services, the MMT Project will pay an equivalent amount for the rents and utilities costs of trust funds overhead activities. In FY 1978, we estimate this to amount to \$128,000 while in FY 1979 we anticipate that will require only a \$21,000 cost offset because the majority of the effort by trust fund employees associated with the telescope system integration and testing will be completed during FY 1978. In addition, miscellaneous equipment rental costs associated with the integration of the telescope, amounting to \$11,000 will not be required in FY 1979.

Question. What are the reasons for the increase of \$120,000 under "Other Services"?

Answer. The increase of \$120,000 under "Other Services" is a result of deletion, reallocation of freed-up resources, and the redirection

of base funds due to programmatic changes described above in answer to the question concerning significant changes in object classes. Detailed breakdown of these changes follows:

Program Additions:

Development of x-ray detectors	\$+ 20.0
Development of wide-band receiving and recording equipment	+ 15.0
Computer services for Theorist	+ 10.0
Development of IR (Infrared) detectors	+ 10.0
Subtotal - Program Additions	<u>\$+ 55.0</u>

Program Deletions:

Reduce Effort in Analysis of Lunar Meteoritic Sample	\$- .6
Delete Theoretical Studies of Astrophysical Masers	- 6.0
Reduce Observational Studies in Gamma-Ray Astronomy	- .4
Subtotal - Program Deletions	<u>\$- 7.0</u>

Program Redirections - MMT:

Completion of Major Subsystems	\$+ 14.0
Completion of Facility	- 17.0
Systems Integration, Testing and Operations	+ 82.0
Instrumentation Development	+ 29.9
Subtotal - MMT Redirections	<u>\$+108.9</u>

Program Redirections - Langley-Abbot Program

Visiting Scientists Consulting Fees	\$- 36.1
Total Other Services	<u>\$+120.5</u>

Question. How are you able to provide a necessary pay increase of \$37,000 when the Personnel Compensation line decreases by \$78,000?

Answer. The decrease of \$78,000 in Personnel Compensation is the result of the deletion of nine (9) positions described under "Planned Program Reductions" and the nine (9) additional positions described under "Planned Program Improvements" on Page A-13 of the Justification and further detailed in the Table included in the answer to the question concerning significant changes in object classes. The necessary pay increase is required to cover: (1) the cost of within-grade increases (\$20,000) becoming due during FY 1979; (2) the annualized cost in FY 1979 of the Legislated October 1977 General Schedule increase (\$4,000) and the Wage Board increase (\$8,000) for the remaining staff members; and (3) the workers' compensation adjustment (\$5,000).

Question. You list as an expected accomplishment in FY 1978 at the SAO the completion of the Multiple Mirror Telescope (MMT). Now that we have reached that point, please tell us the total funding involved from all sources.

Answer. Since inception of the MMT Project in 1972, the following funding has been applied to it through FY 1978:

S&E funds appropriated to the Smithsonian	\$5,912,000
University of Arizona funds	1,794,000*
Total	<u>\$7,706,000</u>

* University of Arizona also provided nine (9) primary mirror blanks valued at \$2,250,000.

Anthropological Film Center /1

Question. At the request of staff, you have supplied a detailed breakdown of funding for the Anthropological Film Center. We will ask that you place a copy of that information in the record at this point.

Answer. Funds Requested by the Smithsonian for the NAFC
(Dollars in Thousands)

	<u>Base</u> <u>FY 1978</u>	<u>Est.</u> <u>FY 1979</u>
Personnel Compensation	\$133	\$168
Personnel Benefits	12	16
Travel/Transportation-Persons	50	50
Transportation of Things	5	5
Rent, Communications	5	5
Printing & Reproduction	--	--
Other Services	57	52
Supplies & Materials	47	47
Equipment	<u>95</u>	<u>66</u>
Total	\$404	\$409

Question. We would like an amplification of this breakdown for the record. Please provide information on all sources of funding. Include contracts, trust funds, and grants, as well as funding from other programs such as Foreign Currency grants.

Answer.

Fiscal Year 1978

Federal Funds:	\$404,000	Salaries of core staff and urgent fieldwork activities: Congressional appropriation
Special Foreign Currency	\$ 5,700	Research development to extend into India the study of social integration of the Pashtoon nomads of Afghanistan: Smithsonian Foreign Currency Program
	<u>20,000/2</u>	Research film study of traditional human behavior patterns of emergent civilization in relation to cultural form in the Hunza region of Pakistan: Smithsonian Foreign Currency Program
Subtotal: Foreign Currency	\$ 25,700	

Federal Grants and Contracts:	\$ 14,984	Research film study of traditional human behavior patterns of emergent civilization in relation to cultural form in the Hunza region of Pakistan: National Cancer Institute
	6,000	Film Record of the Pashtoon people of Afghanistan: National Endowment for the Humanities (FY 1976 grant carry-over)
	<hr/>	
Subtotal: Grants and Contracts	\$ 20,984	
Restricted (Foundation Grants and Misc. Gifts):	\$ 5,000	The Kayapo and related Indians of Brazil: Rachelwood Foundation
	1,000	Support of the work of the NAFC: William B. O'Boyle
	500	Film records on human behavior: Peggy Dulaney and David Quattrone
	9,496	Child behavior and human development in isolated cultures: Mr. and Mrs. Thomas B. Morgan
	3,000	Kung Bushmen Film: Laurence K. Marshall
	9,537	Field studies of child behavior and human development in isolated cultures: Dr. and Mrs. Jeremy P. Waletzky
	4,843	Kayapo Indians of Brazil research film documentation: Mrs. Lionel C. Epstein
	675	Filmic inquiry into the artistic life-style of the Western Caroline Islands of Micronesia: various donors
Allotment from Women's Committee	6,782	Research Film studies in Nepal
	<hr/>	
Subtotal: Restricted	\$ 40,833	
Unrestricted:	5,000	Allotment for payment for annual leave of staff converted to federal in current year
TOTAL: ALL SOURCES	<u>\$496,517</u>	

Fiscal Year 1979

Federal Funds:	\$ 409,000	Salaries of core staff and urgent fieldwork activities: Congressional appropriation request
Special Foreign Currency	\$ 58,000 ^{/2}	Research film study of traditional human behavior patterns of emergent civilization in relation to cultural form in the Hunza region of Pakistan: Smithsonian Foreign Currency Program
Federal Grants and Contracts:	\$ 25,000	Research film study of traditional human behavior patterns of emergent civilization in relation to cultural form in the Hunza region of Pakistan: National Institute of Mental Health
Restricted (Foundation Grants and Misc. Gifts):	\$ 25,000 ^{/3}	Research film studies of Tibetan communities in India: John D. Rockefeller 3rd Fund
	5,000	Research film studies of Kayapo and related Indian groups in Brazil: various donors
	10,000	Filmic inquiry into the artistic life-style of the Western Caroline Islands of Micronesia: various donors
	<hr/>	
Subtotal: Restricted	\$ 40,000	
TOTAL: ALL SOURCES	<u>\$532,000</u>	

^{/1} Figures do not exactly correspond with those on page E-2 of budget submission, since the NAFC is one of three components of the Center for the Study of Man.

^{/2} & ^{/3} In proposal stage. Represents total funding expected to be expended in more than one fiscal year.

Question. The staff has been contacted by outside sources regarding increased funding for the film center. They indicate a need for at least 4 additional positions and increased funding in the amount of roughly \$400,000. Can you explain how an outside source gained detailed information of this nature?

Answer. The National Anthropological Film Center is a research organization which works openly and collaboratively with scholars and institutions throughout the United States and the world. It has a distinguished Advisory Council which was formed to help the research film center become established and engage its task. The Center also maintains contact with a number of foundations, research organizations, and private individuals as part of its effort to develop, fund and execute its urgent programs and realize its potential. Similarly when

owners of valuable film resources are interested in donating them to the National Research Film Collection of the Center, they understandably want to assure themselves of the strength, permanence, and capability of the Center and its facilities.

These organizations and individuals frequently examine the staffing, resources, funding, program, organizational status, and prospects of the Center. Knowledge of current and proposed levels of Federal support and the prospects for increased levels are among the several kinds of fiscal and organizational information looked at by the Film Center's advisors, collaborators, depositors, and supporters.

Air and Space Museum

Question. The Air and Space Museum seems to be taking another reduction this year. As I recall, there was a \$500,000 reduction in FY 1978 and now we have a \$240,000 reduction for FY 1979. Can you assure the committee that these reductions are justified?

Answer. These decreases (\$395,000 in FY 1978 and \$240,000 proposed for FY 1979) were carefully developed by the Museum's managers, by the Assistant Secretary for Science, by the top managers of the Institution and by the Secretary. The decreases reflect the shift in programmatic emphasis of the Museum from exhibitions planning, design, and construction to the further development of other programs or the creation of new ones. In considering these proposed reductions, it should be borne in mind that the Museum has been opened to the public for less than two years and is still in the formative stages in terms of application of resources. The continued popularity of exhibits has made it possible to revise the work schedule and leave intact parts of galleries that were originally scheduled to be changed. Since it is far less costly to maintain and refurbish existing exhibits than to create and fabricate new ones, considerable savings have been achieved.

Question. Will the request for the Air and Space Museum allow you to open another building at Silver Hill to the public in FY 1979?

Answer. Yes, as stated in the Institution's budget document submitted to the Congress (A-26), our goal is to manufacture stands for handling and storing large artifacts with the goal of improving artifacts warehousing to the point where an additional building at Silver Hill will be opened to the public in FY 1979.

HISTORY AND ARTMuseum of History and Technology

Question. Your reallocation of resources under the Museum of History and Technology is somewhat confusing. You state that 5 new technicians will be secured "by reprogramming existing staff vacancies." If these are vacant positions, why do you need an additional \$51,000 to fill them with technicians?

Answer. We regret the confusion. The new technicians will be secured by reprogramming existing staff vacancies, and will be financed from funds available in the Museum's base appropriation; no additional funds are required or requested. Overall, we are proposing a reduction of \$170,000 in program funds for the museum.

Question. What are the job titles and pay grades of the vacant positions and the technicians proposed to replace them?

Answer. The job titles and pay grades of the vacant positions are as follows: Museum Curator, GS-13; Secretary, GS-05; Exhibits Specialist, WG-07; Exhibits Worker, WG-05; Lampist, WG-03; Museum Technician, GS-05. The 5 technicians proposed to replace them will be GS-05, Museum Technicians.

Question. Are these regularly funded positions that are vacant at this time, or are they positions contained in the ceiling but never funded?

Answer. These are regularly funded positions that are vacant at this time.

Joseph Henry Papers

Question. One new position and \$28,000 are requested for work on the Joseph Henry Papers as a replacement for funds previously available through a grant from the Endowment for the Humanities. What was the amount of that grant?

Answer. The total amount of the grant from NEH for the Joseph Henry Papers was \$91,681: \$31,681 outright and \$60,000 in matching funds. This grant covers the period October 1, 1976-September 30, 1979. So far we have raised \$20,000 of the matching funds. The amount of the grant budgeted for FY 1979 was \$27,898 plus overhead.

Question. Is there currently a grant in effect for FY 1978 for the Joseph Henry Papers? (If so, for how much?)

Answer. The grant is still in effect for FY 1978. The budget for FY 1978 is \$26,000 plus overhead.

National Collection of Fine Arts

Question. Your request for the National Collection of Fine Arts represents a program increase after a period of apparent neglect. For example, you are seeking \$95,000 for exhibitions and registrarial costs. Why hasn't the exhibit program been keeping pace over the years?

Answer. We do not believe the National Collection of Fine Arts has suffered a period of neglect. Although our appropriation requests have been only partially granted in the last two years, the museum has

continued to function at the highest level of professionalism and maintained its reputation as one of the country's leading museums of the history of American art. This achievement is based in considerable part on the museum's lively, imaginative and scholarly exhibition program, which in FY 1978 will present 23 exhibitions covering a broad range of aspects of American art.

The funds we are requesting for fiscal year 1979 are intended not to make up for neglect, but rather to assure that in the face of rising costs this exhibition program can be maintained at its present level of excellence.

Question. The remainder of the increase for the National Collection of Fine Arts, \$49,000, is to bolster the library and photo research and storage efforts. Again, why have these important efforts been allowed to slip?

Answer. The health of a museum, like that of other complex organizations, depends very much upon maintaining a suitable balance between its various mutually-supporting activities: acquisitions, conservation, collections management, research, education and exhibitions. Our appropriation requests in any given year reflect the judgment of the museum staff and Smithsonian management about the most pressing needs and the most important opportunities at a given time, within a general framework of balanced development. We are seeking funds in FY 1979 for library and photo research and storage efforts not because these have been allowed to slip, but rather because we feel that by next year there will be a real need to strengthen them.

We very much appreciate the Committee's recognition of the importance of these efforts, and of the NCFA's exhibition program.

National Portrait Gallery

Question. Under the National Portrait Gallery, you are seeking three positions and \$58,000 to replace a Humanities grant for work on the Charles Willson Peale Papers. What was the amount of the Humanities grant?

Answer. The Humanities grant consisted of \$30,000 outright and \$100,000 of matching funds for the period 1 September, 1976 - 31 August, 1979. The latter amount was matched by \$100,000 from the Andrew W. Mellon Foundation, providing a total grant of \$230,000.

Question. How long do you estimate it will take to complete the Peale project, and what will happen to these positions once it is complete?

Answer. We estimate that the project will take through FY 1986 to complete. The three positions will then be relinquished.

Archives of American Art

Question. Under the Archives of American Art you propose to begin federal support of the Journal by supplying it to colleges, museums and individuals at no cost. Why can't this relatively small amount (\$19,000) be taken from trust funds?

Answer. The trust funds of the American Archives of American Art are monies (approximately a quarter of a million dollars) raised every year through extraordinary efforts on the part of the Board of Trustees, members and friends of the Archives. These monies are fully committed to the programs of the Archives, notably the rising salaries of a staff of 15 people who work with the Federally funded staff. The \$19,000 requested for publishing costs represents a substantial additional fundraising requirement. In the face of uncertain, private income which must be raised annually, we are attempting to assure continued publication and increased distribution of the Journal while at the same time moving to protect the salaries of the trust-funded staff.

Question. What is the total amount budgeted for the Journal, and where does the funding come from?

Answer. Four issues of the Journal will cost approximately \$22,000 in fiscal year 1978; we believe that the Journal will cost \$3,000 less to publish through the Government Printing Office. It has been a budgeted item on the trust side of the Archives and as such, is funded from private contributions.

Question. Please provide for the record a statement which explains why federal funds should be used for distribution of the Journal, and why trust funds should not be used.

Answer. The Journal, which contains current information on research material available at the Archives, as well as scholarly articles in American art history from documents in the collections, is a valuable and important service of the Archives. The use of federal funds for distribution of the Journal would increase the numbers of individuals and institutions who would benefit by receipt of the publication. In the first place, the Superintendent of Documents, Government Printing Office, would supplement the Smithsonian order for distribution to Depository Libraries across the country. In addition, the Archives, with publishing costs guaranteed, could develop its distribution lists to include the art history departments of all colleges and universities, thus assuring that students, who can least afford subscriptions, have knowledge about and access to the Archives' resources. Further, through professional art and scholarly publications, the Archives could offer the Journal to all scholars of American art history, on request. Distribution governed by the support of trust funds, on the other hand, must be severely limited, with number of copies to be printed dictated entirely by the number of dollars which can be raised and the number of memberships in the Archives which can be sold.

Hirshhorn Museum and Sculpture Garden

Question. Your request for the Hirshhorn Museum would increase acquisition funding at the expense of the education program. Do you feel that is a wise approach? Exactly what is the impact of the reduction in the education effort?

Answer. In the years immediately preceding and following its public opening, it was necessary for the Hirshhorn Museum to organize an appropriate education program and to produce various kinds of educational materials, including tour-guide scripts, museum brochures, gallery guides and the like. The staff and funds we requested and received for these purposes were essential during those years. Now that the basic work has been done, a successful program has been designed and established,

educational materials have been produced, and a large and devoted staff of volunteer docents has been recruited and trained, we feel that the proposed reduction in the education staff, achieved largely through the consolidation of functions, will not have an adverse effect upon the museum's education program. On the contrary we believe that the re-allocation to other purposes of resources that were required during the museum's start-up is a matter of prudent management.

Question. You are requesting an increase under the Hirshhorn Museum for acquisition of works of art. Since you have a trust account for this purpose, why do you need additional federal funds? For FY 1977 we note that none of the \$650 available in the trust fund was expended. What is your policy as to the use of federal acquisition funds as opposed to trust funds at the Hirshhorn?

Answer. In addition to the trust fund referred to, the Hirshhorn has a discretionary trust fund which had an end of FY 1977 balance of \$65,731. During FY 1977, \$8,100 was expended from this latter fund for the acquisition of a painting.

As we have explained in previous years, it is vital that the Hirshhorn, as a museum of contemporary art, continue to acquire significant works of art both to fill gaps in its collection and to keep abreast of work being produced by younger artists. The Hirshhorn has been successful in acquiring a substantial number of works as gifts and has used its limited trust funds for the same purpose; it is our hope and expectation that both will continue. In addition, however, it is our belief that a regular federal appropriation, although relatively modest in amount, is necessary to permit the Hirshhorn to fulfill its obligation as the national museum of contemporary art.

Recognizing that federal appropriations for this purpose are unlikely to grow sufficiently to permit the purchase of major works of art needed by the museum, the Regents have recently approved an allotment of unrestricted trust funds to be used by the Hirshhorn, and five other Smithsonian museums, for the purchase of works of art costing more than \$200,000 each. According to current projections, this program will make available to the Hirshhorn \$1 million over the next five years for such major purchases. It is our strong belief that this partnership of federal and trust funds, each devoted to distinct but equally necessary categories of purchases, will serve the interests of the public and of posterity, for whom these works of art are being acquired.

Question. Originally the sculpture garden at the Hirshhorn was to extend all the way across the Mall. Now that it is limited to roughly one third of that area has the remaining land been ceded back to the Park Service?

Answer. Under the provisions of PL 89-788, the land used for the Hirshhorn Museum was "appropriated to the Smithsonian Institution" as the permanent site of the museum. The land designated for the sculpture garden was, by the same Act, "made available to the Smithsonian Institution." When plans for the sculpture garden were changed, and the new plans had been approved by all interested parties and planning bodies, only the land necessary for the actual garden was used. Since the remainder of the "available" land was not needed or used, we have assumed that it remains under the jurisdiction of the National Park

Service and that it is not ours to "cede" to the NPS. The Smithsonian does not feel that it has any further claim to this land, nor does it have any plans for its use; we believe the Park Service is aware of this.

Question. Are there any plans for future expansion of the sculpture garden?

Answer. No, the Smithsonian has no future plans for expansion of the sculpture garden. Our plans now are to provide easy access to the garden for the handicapped and to improve the landscaping and lighting within the present boundaries.

MUSEUM PROGRAMS

Office of Museum Programs

Question. Under the Office of Museum Programs you are requesting conversion of the coordinator of the Native American Museum Training Program from term to permanent status. Tell us a little more about this program.

Answer. The Native American Museum Training Program was developed in response to a strongly expressed need and desire, over a number of years, by members of Native American Communities, for means to acquire the skills to better preserve their heritage, interpret it to their communities and thereby provide, as well, a service to the nation at large. Native Americans view the material testimony of their history not merely as historical artifacts, that may have scholarly or aesthetic importance, but as strong symbols of a people's continuity and strong beliefs. Until now, they have not had access to any training program which would enable them to obtain the skills to collect, preserve, restore, and interpret properly the tactile evidence of their past.

The program developed by the Smithsonian Institution has emerged from the intimate contact members of our staff have made with Indian tribes while studying their cultures, and as representatives of these tribes have come to Washington to study our collections and find within them links with the past.

The training program we offer has two main parts: to bring members of Indian communities to Washington to study in our curatorial, research, conservation, display and interpretation departments, and to participate in our workshops and seminars; the latter, in cooperation with other museums in various parts of the country, consists of regional workshops organized for members of these communities.

The program has operated on an experimental basis for one and a half years. It has been highly successful and for this reason it has been decided to make it permanent in response to the needs, as well as to a moral obligation toward a people that have been deprived of many cultural advantages.

Question. With the new Institute of Museum Services now in business, how do you coordinate programs such as this?

Answer. The Institute of Museum Services does not carry out programs but rather has been established to fund museums to aid them in developing programs of their own. By legislation the Institute of Museum

Services is required to pay particular attention to the needs, among others, of Native Americans.

The training program of the Smithsonian Institution will assist some of the personnel that will be employed by museums which will be supported, in part, by the Institute of Museum Services. Hence, there is a close symbiotic relationship.

National Museum Act

Question. What about your program under the National Museum Act? Are your grants coordinated with those of the Endowments and the Institute of Museum Services?

Answer. In the past there has been the closest cooperation and communication between the staffs of the National Museum Act and of the Endowments. The Museum Act staff communicates with and receives information from the Endowments concerning applications received. In this manner, overlap and duplication have been avoided. The same procedures will apply with the Institute of Museum Services when it becomes operational.

Question. What mechanisms are in place to avoid duplication of grants?

Answer. Same as previous question.

Question. Concern has been expressed not only over the duplication of grants, but over the possibility of one museum receiving grants from several sources at the same time. Are you able to insure that a particular museum is not the beneficiary of an excessive amount of Federal support?

Answer. There is nothing in the legislation of any of the granting organizations to suggest that a museum cannot receive support from several Federal sources, as long as this support is for different purposes. Since there is close coordination and communication among the various agencies, any unreasonable amount of support given to any one organization would become apparent.

Folklife

Question. Under your folklife studies office you mention that FY 1980 will see a strengthening of your folklife capabilities. Would you elaborate on the direction you see for this program?

Answer. Regarding folklife festivals, our Folklife Advisory Council has recommended that the Smithsonian continue producing the festival, that we invite the National Park Service to act as a co-sponsor for this annual event, that we continue to relate the program components of the Festival to our museum activities, and that we schedule the event again in the fall. These recommendations have been approved. As to related matters, the Council has recommended that the Office of American and Folklife Studies provide the centralized core staff for the Smithsonian's programs on folklife, that that Office be our principal contact point with the Library of Congress and the National Endowment for the Arts in participating in cooperative programs, that we increase our output of scholarly publications, and that other Smithsonian bureaus examine their programs to see what more they

might also be doing in folklife related disciplines. These recommendations have been approved as well.

ADMINISTRATION AND SUPPORT

Plant Services

Question. Your increase under the office of plant services is offset by a reduction of three positions and \$209,000 related to savings anticipated from utility conservation measures. Would you explain that statement, and tell us the job descriptions of these positions.

Answer. The Smithsonian has been installing on a phased basis since FY 1975 a computerized power management system. This system is designed to control the peak level of demand for energy by periodically turning off and on selected pieces of equipment for short periods of time. Since we pay our electrical bills based upon the amount of kilowatts of demand used as well as the kilowatt hours of energy consumed, our costs are less if we are successful in lowering the peak level of demand. The power management system is currently in operation in the National Museum of History and Technology, the National Museum of Natural History, the Arts and Industries Building and the Smithsonian Institution Building. Installation of the system in the National Air and Space Museum will be completed in FY 1978. The Smithsonian anticipates that the NASM installation, combined with our continuing efforts to reduce lighting levels in our buildings, and other conservation measures taken over the past several years will result in a savings of approximately \$168,000 in our utility bills in FY 1979 over what our utility costs are anticipated to be in FY 1978.

The remaining savings of \$41,000 will be realized through the elimination of the London bus shuttle service between NMHT and FA&PG, no longer necessary because of METRO; the planned institution of a contractual paid parking system for employees; and the reduction of internal mail delivery from three to two deliveries per day. These three actions will result in the reduction of three current positions-- 1 driver, 1 clerk-typist and 1 mail clerk.

Protection Services

Question. \$160,000 under the office of protection services is to upgrade certain protection positions as a result of an internal management study. Would you provide us with the details? How many positions are involved, what grade levels, and what effect will this have on future budget years?

Answer. The survey recognized a discrepancy in the classification of certain guard positions. Under the direction of the Office of Personnel Administration, a classification expert conducted a complete review of all police and guard jobs within the Office of Protection Services (OPS) and found that certain guard posts manned by guards classified at the GS-4 level conform more closely to criteria established for the GS-5 positions. These findings resulted in the identification of approximately 160 additional positions which should fall within the GS-5 category. An amount of \$160,000 will be required in FY 1979 and succeeding years to pay the additional costs of higher graded positions.

Question. You also request four positions and \$80,000 for continuing efforts to develop a central alarm system. Will this complete your efforts, or can we expect further requests?

Answer. The four positions and \$80,000 are requested to provide the capability to install systems and to supplement the maintenance staff in servicing alarms systems and devices. We expect no additional requests for funds for maintenance positions. However, this will not complete our efforts to establish a central proprietary alarm system and further requests will be submitted for related equipment, installation charges and repairs.

Administration

Question. The details provided for the program changes under administration do not give us very precise information. Although we know you want 7 new positions, we cannot determine into which activities these positions will go. Please fill us in - how many of the 7 positions are for increasing your audit cycle?

Answer. We hope that it will be noted that only 3 new positions are being sought for administration. While we are proposing that 7 different positions be established, we will provide 4 of these through a reanalysis of priorities from our zero-base budget approach. Of the 7 different positions, 2 are for the Office of Audits to reduce, not increase, the cycle of examination of all our activities on a regular basis.

Question. How many new positions are earmarked for the facilities planning office?

Answer. Three of the 7 positions being justified are for the Office of Facilities Planning and Engineering Services. The remaining 2 positions are for the budget and supply services offices.

Question. Please provide a detailed listing and workload justification for the 7 new positions under administration.

Answer. The requested information follows:

<u>New FY 1979</u> <u>Positions</u>	<u>Justification</u>
Office of Audits:	
Auditor (GS-11)	The current staff of the Office of Audits consists of 7 positions paid from appropriated funds and 2 positions paid from trust funds. With this staffing level the Office, which is responsible for examining the financial and management practices of all organization units and programs, estimates that it is able to look at each activity only <u>once</u> every eight to nine years. Given the large number of activities, their scope and complexity of operations, and the variety of funds available for use by many activities, the current audit cycle is
Auditor (GS-9)	

inadequate to assure proper oversight and accountability. The Audit and Review Committee Report adopted by the Board of Regents recommended that the staff "should be augmented by such additional positions as will permit the Office of Audits to maintain a five-year audit cycle". The requested additional positions will permit the cycle to be reduced to about 6½ years. Consideration will be given to further augmenting the staff in the trust fund budget to maintain a balance of staffing in relation to the programs served.

Office of the Treasurer:

Budget Analyst (GS-7) The Office of Programming and Budget now has a staff of 5 persons paid from appropriated funds and 4 persons in the trust fund budget. This office has experienced no growth in Federal staff over the past 10 years despite a greatly enlarged Federal budget to be managed, important, but challenging and time consuming, new procedures such as zero-base budgeting, and substantially increased monitoring and reporting requirements needed for internal management and to keep the OMB and the Congress informed.

Office of Facilities
Planning and Engineering
Services:

Construction Engineer (GS-12) In a continuing effort to increase the Institution's capability for providing the most cost effective architectural, engineering, and construction management services, three new positions are requested for the Office of Facilities Planning and Engineering Services (OPES). These three positions include one construction engineer, one electrical engineer, and one microfilm technician. Based on essential projects planned for FY 1979 and on data derived from its manpower utilization systems, OPES projects a total workload requiring 72,000 staff hours; with its current staff plus the three additional positions requested for FY 1979, OPES will be able to accomplish only 54,000 staff hours of this workload. The remaining backlog of 18,000 staff hours will require unaddressed projects to be deferred until FY 1980, and all delayed work results in diminished buying power directly attributable to an inflation rate of approximately 10% per year in construction costs. The requested increase in OPES' resources will provide better support to the bureaus and will improve cost effectiveness in several ways:

1. A strengthened Smithsonian professional staff to address the current workload more adequately will reduce the number of architectural/engineering services currently contracted for and, consequently, will reduce significantly the costs of these services. (For example, architectural/engineering services can be accomplished with Smithsonian personnel at less than two-thirds the cost of these services when performed by contract.) The requested additional electrical engineer will assist in this area, as only one electrical engineer is currently on-board to address a workload of three staff years.

2. Smithsonian professional services can be accomplished not only more inexpensively, but more timely as well; and expediting the planning phase minimizes the effect of inflation, which is so crucial to construction costs. The microfilm technician will further improve timeliness by supporting full-time the development of accurate and current information on all existing facilities; the availability of this information will eliminate the need for architects and engineers to conduct time-consuming field investigations in preparing their plans and designs.

3. OPFES also is responsible for managing construction contracts, which require the on-site supervision of some 25-30 construction projects at any given time. The four construction engineers currently on-board must monitor an average of 5-7 construction projects simultaneously; this involves analyzing shop drawings, reviewing change orders and assuring that all work conforms to approved designs and specifications. An additional construction engineer will enable OPFES to supervise these contracts more closely, thereby assuring that construction costs are kept to a minimum.

Office of Supply Services:

Contract Specialist
(GS-9)

A net increase of one position is requested for the Office of Supply Services in the FY 1979 budget. Although the Institution has experienced significant programmatic growth during the past several years, the Office has been operating with a base of 26 full-time Federal positions since FY 1976. To keep pace with the mounting workload (which includes processing numerous procurement, contract and grant actions), to cope with greater complexity of contract administration, and to relieve the resulting

excessive strain on the staff, one new contract specialist is requested. As strongly recommended by an internal study by the Institution's Office of Audits, the performance of an annual inventory of all accountable property in all Smithsonian Institution units requires an inventory control clerk to support this huge task. Additionally, to offset the effects of inflation, \$4,000 is requested to purchase and stock essential supplies for the support of research, curatorial and exhibits-related activities in the Washington area. The increase of two positions will be offset by the deletion of one procurement agent position, made possible by a successful revised workload plan in the Procurement Division; this position could not be funded during FY 1978 due to the increased costs of other necessary programs in the Office.

CONSTRUCTION

Zoo Construction

Question. Looking at your overall master plan for zoo construction we again see slippage of the schedule. Last year's schedule indicated that the major work in the Central Area would occur in FY 1979 - now you are shifting most of that work to FY 1980. Can you explain this delay?

Answer. Design work for the Central Area projects has been funded and completed. Budgetary stringencies were responsible for deferral of request for construction funding until FY 1979 with phasing through FY 1980.

Front Royal Center

Question. The total cost of the Master Plan has increased by \$2.6 million since last year, primarily due to an increase in your efforts at Front Royal. What is the reason for the \$1.8 million increase at Front Royal over the life of the Master Plan?

Answer. The current plan is to complete major development at Front Royal at the same time as the main zoo redevelopment. The coordinated effort of the new plan should prove to be more economical in that cost-saving trade-offs will be possible. Original projections assumed that Front Royal development would need to be extended several years beyond 1984, the last year shown in the budget under the Zoo Construction Program (page D-6).

Question. You have deleted a line titled "visitor services" under the Front Royal Center. What was included in that line and why does it no longer appear?

Answer. In previous years the anticipated establishment of services for visitor education in conservation at the Center had been identified as a distinct program. Planning advances have scaled down the magnitude

of this venture and allow us to incorporate a modest information center within a cluster of holding yards and facilities that are integral to the animal programming at the Center. It thus makes more sense to combine related components of the overall development plan on a year by year basis instead of identifying the visitor services as a separate activity.

Question. Do you still plan a "modestly scaled visitor center" at Front Royal? What do you estimate as the total cost for a visitor center, and when do you plan to seek funding for it?

Answer. We still plan a visitor center or information center and anticipate funding for planning in FY 1980 with construction in FY 1981 if overall Smithsonian budget priorities allow. Total cost should be about \$1,000,000 in contrast with original estimates in excess of \$2,000,000.

Question. The \$450,000 requested for work at Front Royal seems to duplicate last year's request. The impression given in last year's justification was that you would finish the utility work and complete demolition of obsolete buildings. Now you want funding for the same purposes. What happened?

Answer. The extent of deterioration of the sewer lines and other utilities that occurred prior to our gaining the property has proven, on detailed inspection during our engineering design work, to have been much more extensive than anticipated. Additionally, hooking up with the City of Front Royal's new sewage disposal plant has caused some delay and additional costs beyond our control. To more fully realize the best long-term value of the site further modest demolition requirements will be identified as site work extends over old obsolete facilities.

Question. So that we are clear on this matter, will the funding requested in FY 1979 complete the utility work and building demolition?

Answer. In terms of major utility systems, work will be completed with FY 1979 funding. However, regulatory changes in environmental standards, or major repairs of current systems, could require further support not foreseeable now. Additional demolition work would be minimal.

Question. Have trust funds been utilized for any improvements at the Front Royal Center, or do you contemplate such action in FY 1979?

Answer. No trust fund investment has been made to capital improvements at Front Royal nor is such anticipated. User charges, derived from use of quarters and conference space by staff and authorized visitors in modest amounts have been applied to facilities and grounds maintenance.

Question. You indicate in the justification that in some cases you do construction work on your own rather than through contracts. How much of the zoo construction has been done using staff and temporary help, and how much has been contracted, both at Front Royal and at the Rock Creek site?

Answer. In FY 1976 and FY 1977 at Front Royal, 80 percent of all construction work was accomplished under contract. As the character of the work has changed to enclosure fencing, small additions and

simple improvement of present facilities, and as our supervisory skills have improved, a greater proportion of work has been accomplished at very significant savings with temporary labor supervised by our crew chiefs. This year some 90 percent of construction funding is being applied in this manner at Front Royal. In FY 1979, the funding of several major and complex projects will bring the proportion closer to 50/50. At Rock Creek we do not anticipate being able to accomplish effectively more than 10-20 percent of anticipated construction work employing permanent supervisory staff and temporary help. Such help will, as in the case in Front Royal, be in the nature of simple enclosures and cages where substantial savings can be achieved by doing the work with staff, rather than through contractual arrangement.

Restoration and Renovation

Question. Moving now to your account for restoration and renovation, we note the omission of the History and Technology Building addition. Where does that proposal now stand? What have you done to date in response to the Congressional directive to study all possible alternatives to this addition?

Answer. During this last year we have continued to examine alternatives to the proposed addition and to refine, with the assistance of the General Services Administration, the cost estimates for building the 6th floor library and study center. Our conclusion, as summarized in a comprehensive response to the House Investigative Report on this proposed project, is that the 6th floor continues to represent the preferred solution to the problem of finding sufficient space to maximize the effectiveness of the work performed by museum staff and visiting researchers alike. The timing of this Investigative Report, our subsequent study of its recommendations, and the formulation of our response effectively precluded a renewed request for this important project as part of our FY 1979 Federal budget request to the Office of Management and Budget and the Congress.

Question. Can we expect to hear from you soon on your course of action? We want to be kept informed as to the results of your studies and your future plans in this area.

Answer. We will be pleased to keep the Committee fully informed. If competing priorities permit, the 6th floor library and study center addition to the National Museum of History and Technology will be included in the Smithsonian's budget request for fiscal year 1980.

Question. The amount for general repairs is increased to \$1 million in FY 1979. Can you provide details for the record on how you arrived at this estimate?

Answer. This estimate was arrived at after careful review through the normal budgetary process. The Smithsonian Institution has a procedure that calls for all bureaus and offices to submit their needs for general repairs and improvements to the appropriate assistant secretary or Director of Support Activities when the budget is being developed. (For the FY 1979 budget this was done in the spring of 1977.) All such needs are then evaluated first by these individuals and the Treasurer acting as a group, and then by the Secretary. The original list of needs, which for FY 1979 totalled in excess of \$2.5

million, is refined to include the most significant projects for the budget year. For FY 1979, these total \$1 million, and generally consist of electrical and lighting improvements and repairs to heating, ventilating and air conditioning systems.

Question. Another large item is the \$590,000 programmed for facade and roof repairs. How much is earmarked for completion of the Freer Gallery roof repair?

Answer. Of the amount requested, \$130,000 is earmarked for Freer roof repair.

Question. As with the amount for general repairs, please provide the details on how you arrived at the estimate for facade and roof repairs.

Answer. The procedure for arriving at the estimated amount for roof repairs is the same as that followed under general repairs and improvements. The FY 1979 request includes provision for critical roof repairs to the Hirshhorn Museum (\$165,000), Fine Arts and Portrait Gallery Building (\$230,000), the Freer (\$130,000), the west wing of the Museum of Natural History Building (\$50,000) and the Renwick Gallery (\$15,000).

Mt. Hopkins

Question. You are seeking \$260,000 to continue site improvements at Mt. Hopkins. Please provide a plan for the record which details the work and costs for the entire project by fiscal year.

Answer. Our request for \$260,000 of R&R funds covers the following projects:

- \$60,000 to complete the water supply system;
- \$125,000 to complete paving the road from the summit of Mt. (site of the MMT) to the 7,600 ft. elevation ridge (location of other observing instruments); and
- \$75,000 to construct an annex to connect 1.5-m and 0.6-m telescope facilities.

The entire cost of these projects is estimated at:

- Water Supply System (\$174,000). In FY 1975, \$14,000 were appropriated for the engineering study (completed), and in FY 1977 \$250,000 were appropriated for "road and water". Of this amount, \$100,000 was allotted internally for the initial construction of the water supply project (a construction contract to be awarded shortly). The \$60,000 requested in FY 1979 will allow us to complete the project.
- Road Improvements (\$2,024,000). Over the period of years, the following R&R appropriations were received for road construction/improvement project: FY 1973, \$100,000; FY 1974, \$85,000; FY 1975, \$86,000; FY 1976 and T.Q., \$175,000; and FY 1977, \$150,000 for a total of \$596,000. The present plan for phased completion of the road project calls for the following amounts: FY 1979, \$125,000 to complete paving the road from the summit of Mt. Hopkins (site of the MMT) and the 7,600 ft. elevation ridge

(location of other observing instruments); FY 1980, \$360,000 for paving and improvements below the 7,600 ft. elevation ridge; FY 1981, \$185,000 to regrade the road between Amado, Arizona and the Forest Service boundary; and in FY 1982, \$758,000 to pave the road between Amado and Montosa Canyon.

- Annex (\$75,000). This amount represents the total estimated cost of the project.

Question. What is the total projected cost for site improvement at Mt. Hopkins Observatory, and what specific improvements are planned?

Answer. The following Table lists the completed and planned site improvements at Mt. Hopkins and their respective projected cost.

Mt. Hopkins Observatory
 Projected Cost for Site Improvements - R&R Funds (\$000)

Project Description	FY 1973-78	FY 1979	FY 1980**	FY 1981**	FY 1982**	Subtotal	Total
Road improvements*	\$ 596	\$125	\$ 360	\$ 185	\$ 758	\$2,024	\$2,024
Water supply system*	114	60	--	--	--	174	174
Electrical:							
Distribution system	520	--	--	--	--	520	
Generators & building	--	--	154	--	--	154	
Distribution to caretaker's residence	--	--	--	40	--	40	714
NMT support facilities:							
Day dormitory	240	--	--	--	--	240	
Dining/Recreation building	--	--	300	--	--	300	
Night dormitory	--	--	--	275	--	275	
Maintenance building	--	--	--	--	30	30	845
7,600 ft. support facilities:							
Annex	--	75	--	--	--	75	
Caretaker's residence	--	--	95	--	--	95	
Day dormitory	--	--	--	271	--	271	
Wikiup renovation	--	--	--	40	--	40	
Night dormitory	--	--	--	--	290	290	771
Base facilities:							
Office/Maintenance building	--	--	363	--	--	363	
Storage/Shops	--	--	--	200	--	200	
Visitors' Center	--	--	--	110	--	110	673
Totals	<u>\$1,470</u>	<u>\$260</u>	<u>\$1,272</u>	<u>\$1,121</u>	<u>\$1,078</u>		<u>\$5,201</u>

*For details, please refer to the answer to the question concerning site improvements at Mt. Hopkins.

**Requests contingent on overall Smithsonian Institution priorities.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

Question. With the American Folklife Center in the Library of Congress now in operation, and strong folklife programs in the Arts Endowment, what, specifically, is the Smithsonian doing in its own area of expertise to coordinate and cooperate with the folklife programs of these other two agencies?

Answer. The Smithsonian is represented on the Board of the American Folklife Center. This relationship assures close and continuing contact, one result of which is that we are cooperating actively with the Library of Congress and the National Endowment for the Arts in the development of an outreach program. This outreach program, like our annual folklife festival in Washington, will make use of Smithsonian expertise in the presentation of folklife and will share this expertise with interested communities elsewhere in the country. This year the focus of our three-party cooperative effort is the State of Nevada. If this initial project proves successful, plans will be formulated to work with groups in other areas.

Question. What plans do you have for Native American participation in this year's festival?

Answer. We plan to feature the dance, food, music and crafts of a group of Pueblo Indians from New Mexico.

Question. What are the funding needs for this year's festival?

Answer. We are planning an October festival that will cost approximately \$200,000.

Question. Are all the necessary funds in hand or requested in your budget submission?

Answer. Approximately half of these funds are in hand. The other half will be secured from a combination of fund raising efforts from outside sources and Smithsonian trust funds.

Question. Will you receive any funds from other agencies? If so, do these agencies have the funds available, or requested in their current budget request for FY 1979?

Answer. Discussions have been held with officials of the Department of Energy regarding their support of a program component of this fall's festival. Final decisions have not yet been made by the Smithsonian or the Department, but we believe sufficient funds are available should our decisions be favorable.

Question. How many permanent staff positions do you have in folklife programs?

Answer. There are many staff members within our Anthropology, Cultural History, Art, and Music Departments whose interests and professional activities embrace folklife matters. In part to lend focus to these otherwise disparate activities, the Folklife Unit and our Folklife Advisory Council were formed last year. The Folklife Unit, located in the Office of American and Folklife Studies, presently has two full-time permanent Federal positions, as well as four full-time

permanent and two part-time permanent trust fund positions.

Question. Is the reassignment of the ethnomusicologist and the folklorist mentioned in your budget justification definite and confirmed?

Answer. Yes, if funds are provided as requested.

Question. Are there any additional staff working on folklife programs within the Office of American and Folklife Studies that are not permanent positions? If so, how many? How are these positions funded?

Answer. In addition to the staff members we have been talking about, the Folklife Unit has six other full and part-time employees. These positions are funded in part by the Institution's \$120,000 trust fund allotment to the Folklife Unit and by grants and contracts from outside organizations.

Question. Given the recommendation of your folklife Advisory Council that the festival be continued, do you plan to stabilize folklife positions on a multi-year basis, rather than relying on year-to-year personnel?

Answer. The Advisory Council recommended that a core staff be maintained within the Folklife Unit to provide focus and leadership for folklife activities throughout the Smithsonian's museums and research bureaus. We are examining the question of the appropriate size and make-up of the Folklife Unit staff so that both goals -- annual festival production and program leadership generally -- can be met.

QUESTIONS SUBMITTED BY SENATOR HENRY BELLMON

Question. What amount of funding was included for the National Anthropological Film Center in 1978?

Answer. For FY 1978 the National Anthropological Film Center includes \$404,000 in its budget.

Question. How much money is included in the President's budget in FY 1979 for this project?

Answer. For FY 1979, the National Anthropological Film Center is seeking \$409,000, approved in the President's budget.

Question. Are there funds included in the National Endowment for the Arts or the National Endowment for the Humanities for the National Anthropological Film Center?

Answer. Following instructions by the Congress, the National Anthropological Film Center is not seeking funds from either Endowment.

SPECIAL FOREIGN CURRENCY REQUEST

Senator STEVENS. I have one last question. We have a request for your special foreign currency program for \$3.7 million. It is a reduction of \$300,000 from the 1978 amount. I am told that one of your projects is terminated, so that really this represents an increase in individual grant programs. Is that correct? Is the Temples of Philae project terminated this year?

Mr. RIPLEY. One of the major projects which we've been requesting help for, Mr. Chairman, has been the restoration of the Temple of Philae. And the last payment of four, I think comes due this year, in 1978. So that by 1979, that particular project will be concluded. Those were four payments of \$1 million each in counter-part funds in Egypt.

Senator STEVENS. So what is the total? What is the actual increase in the individual grants program?

Mr. RIPLEY. \$700,000.

Senator STEVENS. Why is the increase needed in that foreign currency program for those individual grants?

Mr. RIPLEY. Well, the increase is usually determined in prospect by the demand for research projects submitted by institutions around the country who wish to work in these particular countries in concert with their colleagues and institutions abroad. So that we attempt to presage demand for this money—which is of course constantly deteriorating, in terms of inflation, in these countries, and the value of dollar, as best we can.

It's an estimate of the needs that will be expressed during the coming year, and an estimate also of how best we can use these funds which are lying there in these countries with also our outside ad hoc groups of experts to judge the merits of each particular proposal.

We've had a wonderful record. Over 100 institutions—Mr. Chalinor can speak in detail to this project—in 30 or more States have been developing extraordinarily good, we feel, favorable, nonpolitical relations with scholars and scientists in these countries, many of them countries which otherwise would not have an extensive concern between the scientists because of the weakness of their currencies, and we feel it's a very favorable program and we can defend its record very happily, and very meritoriously, and we feel it's a moral commitment, for the Smithsonian ever since its commencement has carried on international scholarly relations very effectively for the United States.

Senator STEVENS. As I said we will submit the additional questions. We are going into a full hour of debate prior to the vote on the Panama Canal treaties.

I appreciate your courtesy in coming back, and I make my apology for the delay in reopening the hearings this afternoon. We would appreciate it if you would submit the answers, in writing for the record, to the questions the staff will submit to you.

The hearing for the Bureau of Mines, which was scheduled for March 20, will have to be rescheduled for a later date.

SUBCOMMITTEE RECESS

We will be in recess until Tuesday, March 21, when we will hear the request for the Bureau of Land Management.

Thank you, very much.

[Whereupon, at 2:55 p.m., Thursday, March 16, the subcommittee was recessed to reconvene at 10 a.m., Tuesday, March 21.]

SMITHSONIAN INSTITUTION LIBRARIES



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