



*Smithsonian Astrophysical Observatory astronomers used the Spitzer Space Telescope to capture this dramatic infrared image of the Helix Nebula, a planetary nebula located about 700 light-years from Earth.*

# Semiannual Report to the Board of Regents for Fiscal Year 2007

May 2007



# Public Impact

## Visits to the Smithsonian

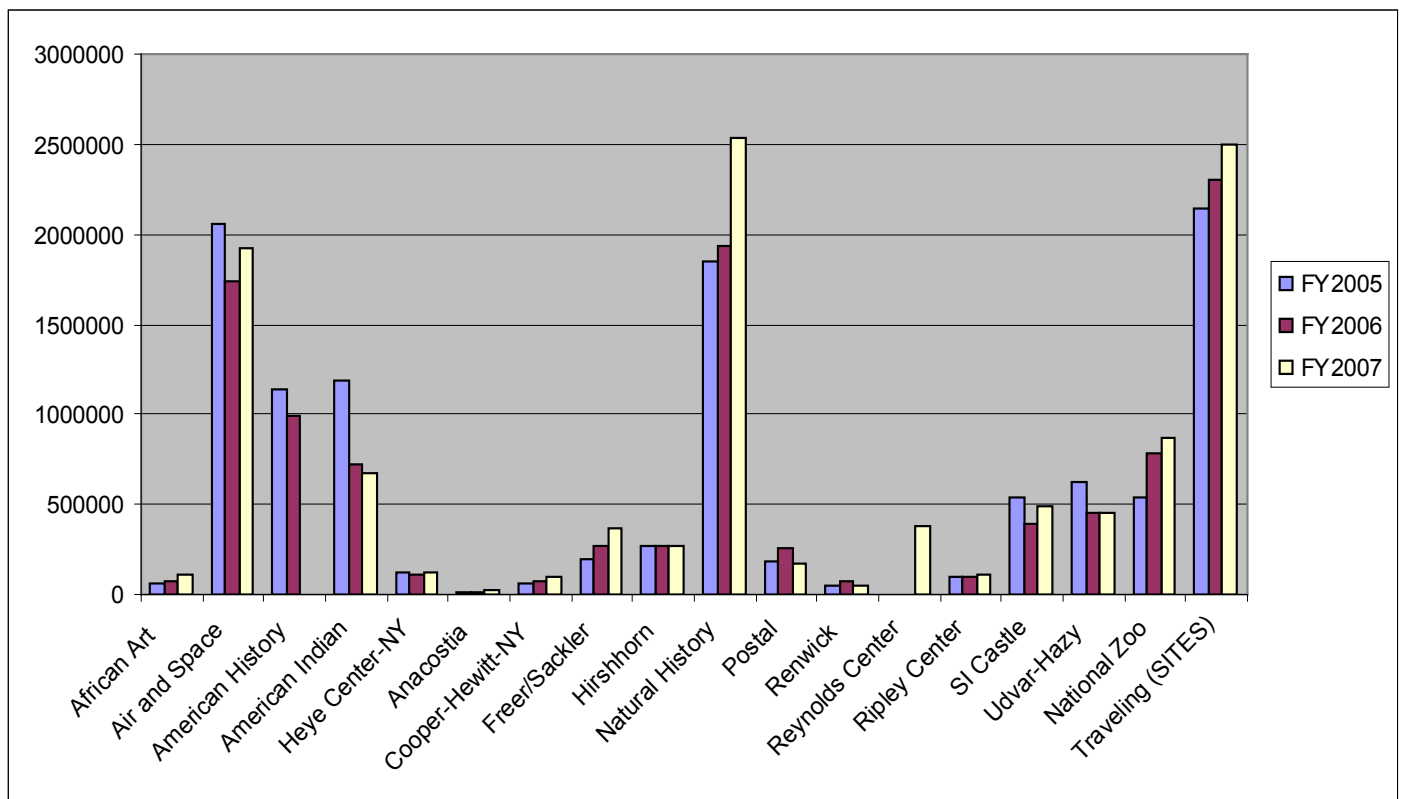
In the first half of fiscal year 2007, the Institution counted **8.6 million** visits to its museums in Washington, D.C., and New York, plus the National Zoo and Udvar-Hazy Center—up **5 percent** from the same period in fiscal year 2006, despite the closing of the National Museum of American History for renovations.

Monthly attendance figures for the newly reopened Donald W. Reynolds Center held up well, and visitorship at the Smithsonian's most popular venue, the National Museum of Natural History, was up by an impressive **31 percent**. The new Asia Trail helped the National Zoo record an **11 percent** increase over last year's semiannual visitation figure—which was, in turn, up 46 percent from the previous year. Art museum attendance also continued the strong surge that began in fiscal year 2006, with visitorship up **36 percent** at the Freer and Sackler Galleries (thanks in part to the *In the Beginning* exhibition of biblical manuscripts), **40 percent** at the National Museum of African Art, and **27 percent** at Cooper-Hewitt. And while attendance at the National Museum of the American Indian and Udvar-Hazy Center continued to decline, the rate of decrease slowed at both venues.

The Smithsonian also counted approximately **2.5 million** visits to traveling exhibitions mounted by the Smithsonian Institution Traveling Exhibition Service (up about **9 percent** from the previous fiscal year).

### Visits to Smithsonian Museums and Traveling Exhibitions

First Six Months of Fiscal Years 2005, 2006, and 2007



## Smithsonian Online

Smithsonian websites logged **86.7 million** visits in the first half of fiscal year 2007, **up 19 percent** from fiscal year 2006. Among the websites launched and awards received were the following:

- The National Museum of American History launched *The Object of History*, featuring significant artifacts from the Museum's collections accompanied by curricular materials and interactive forums for students. The first highlighted artifact was the Greensboro lunch counter.
- The National Museum of African Art's website won multiple awards in the **2006 International W3 Awards** competition judged by the Academy of Visual Arts.
- The Archives of American Art launched *Collections Online*, providing free access to the digitized collections of selected American artists, art galleries, collectors, and other art world figures.
- The **Smithsonian Photography Initiative** website received an interactive design award from *Applied Arts* magazine and also has been selected as a finalist in the 10th Annual SXSW Web Awards.
- The Arctic Studies Center of the National Museum of Natural History launched *Sharing Knowledge: The Smithsonian Alaska Collections* after five years of research with Alaskan Native elders.
- **Cooper-Hewitt, National Design Museum** launched three new web offerings: an Educator Resource Center; a People's Design Award site; and *Design Across the USA*, an interactive map showing over 200 design events across the nation.

## Exhibition Highlights

The National Zoo's *Asia Trail* opened in October 2006, featuring new habitats for giant pandas, sloth bears, clouded leopards, and several other species. This \$53 million exhibit spans nearly six acres and represents the most significant upgrade of the Zoo's visitor experience and animal habitats in nearly 40 years.

An acclaimed exhibition of manuscripts, *In the Beginning: Bibles Before the Year 1000*, ran from October 2006 to January 2007 at the Sackler Gallery. It presented over 70 of the earliest biblical artifacts in existence, many on display for the first time in the United States.

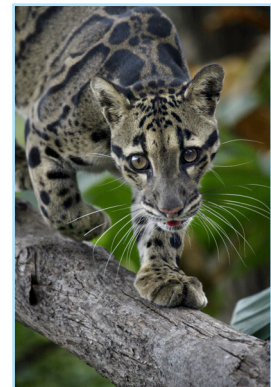
As of November 2006, more than 150 *Treasures of American History* from the collections of the National Museum of American History will be on view at the National Air and



Space Museum until renovations at American History are completed. These treasures include such iconic objects as Dorothy's ruby slippers from *The Wizard of Oz*, Kermit the Frog, Lincoln's top hat, Lewis and Clark's compass, Jefferson's Bible, and Edison's light bulb.

An exhibition of 88 objects from the National Museum of African Art's recently acquired Walt Disney–Tishman Collection, *African Vision* (February 2007–September 2008), signals the Museum's commitment to collector Paul Tishman's dream of sharing this breathtaking art with the world.

Cooper-Hewitt launched its third triennial, *Design Life Now* (December 2006–July 2007), which explores the designs and ideas at the center of American culture from 2003 to 2006.





The National Museum of the American Indian unveiled two new exhibitions: *Return to a Native Place: Algonquian Peoples of the Chesapeake* (November 2006–November 2016) introduces visitors to the Native peoples of the Chesapeake Bay region, while *Identity by Design: Tradition, Change, and Celebration in Native Women’s Dresses* (March 2007–January 2008) brings together dresses and accessories crafted by the Native peoples of the Plains, Plateau, and Great Basin regions.



The National Postal Museum opened three shows: *Trailblazers and Trendsetters* (opened November 2006; closing date not set) showcases 76 pieces of original art for postage stamps; *Out of the Mails* (December 2006–January 2008) examines how Revolutionary War–era colonists protested high postage rates by sending letters outside of the official post; and a permanent exhibition, *Postal Inspectors: The Silent Service* (opened February 2007), spotlights the oldest Federal law enforcement agency.

*An Impressionist Sensibility: The Half Collection* at the Smithsonian American Art Museum (November 2006–February 2007) presented paintings from one of the finest private collections of late 19th- and early 20th-century American art. Also at this Museum, *Joseph Cornell: Navigating the Imagination* (November 2006–February 2007) offered a retrospective of Cornell’s career.

In November 2006, the Udvar-Hazy Center unveiled a display of rare **Charles Lindbergh** memorabilia donated to the Smithsonian in 2002, juxtaposed with other rarely seen artifacts from the Museum’s collections, including flight instruments from Lindbergh’s 1927 trans-Atlantic flight.

At the National Portrait Gallery, *Josephine Baker: Image and Icon* (November 2006–March 2007) presented the Jazz Age legend through vintage photographs, posters, drawings, prints, and paintings, while *Portraits of Sandra Day O’Connor* (March–October 2007) examines how different artists interpret the same subject matter, with the nation’s first female Justice of the Supreme Court as the subject.



*Transitions: Photographs by Robert Creamer* at the National Museum of Natural History (October 2006–June 2007) offers 38 images, several of which feature objects from the Museum’s collections.

The Hirshhorn Museum and Sculpture Garden presented the works of *Magnus Wallin* (December 2006–May 2007) in its *Black Box* screening space. The Hirshhorn also offered a range of new displays and exhibitions, including *The Uncertainty of Objects and Ideas: Recent Sculpture* (October 2006–January 2007) and *Refract, Reflect, Project: Light Works from the Collection* (February–April 2007).

The George Gustav Heye Center offered two new exhibitions: *ItuKiaġatta! Inuit Sculpture from the Collection of the TD Bank Financial Group* (November 2006–February 2007) and *Off the Map: Landscape in the Native Imagination* (March–September 2007).

The National Museum of Natural History hosted *Orchids: Take a Walk on the Wild Side* (January–April 2007), a joint presentation of the Smithsonian Horticulture Division and U.S. Botanic Garden.

The Asian Pacific American Program’s *Exit Saigon, Enter Little Saigon* opened in the Ripley Concourse in January 2007. It will travel through the Smithsonian Institution Traveling Exhibition Service starting this summer.

The Renwick Gallery's biennial contemporary craft series continues with *From the Ground Up: Renwick Craft Invitational 2007* (March–July 2007), featuring works in glass, paper, and ceramic.

*Two Hundred Years of Black Paper Dolls: The Collection of Arabella Grayson* (November 2006–April 2007) at the Anacostia Community Museum looked at the history of black paper dolls.

## Collections Highlights

In December 2006, three new **African lions**—two females and one male—went on limited public exhibit at the National Zoo. All came from a private reserve in South Africa.

In December, **Sylvester Stallone** donated several props from his *Rocky* film series to the National Museum of American History, including the boxing robe he wore in the original 1976 classic.



## Education, Event, and Program Highlights

On January 29, 2007, **Lonnie Bunch**, Director of the National Museum of African American History and Culture, hosted a tribute to some of the guiding lights of the civil rights generation. Their conversations will form the core of a two-hour PBS documentary scheduled to air in February 2008.

Cooper-Hewitt's first **National Design Week** (October 15–21, 2006), sponsored by Target, drew over 10,000 visitors to participate in events such as a teen design fair, a National Design Award winners' panel, and an educator open house.



The Embassy of Mongolia and the National Museum of Natural History co-sponsored a weekend celebration, *Genghis Khan's Mongolia: 800 Years of Nationhood*, on October 6–8, 2006. The festival included musical performances, children's activities, films, and a seminar.

On February 13, 2007, a VIP dinner and reception was held to celebrate the opening of the National Museum of African Art's exhibition *African Vision: The Walt Disney–Tishman Collection*. Among the honored guests were Michael and Jane Eisner, members of the Tishman family, and several ministers and dignitaries from African nations.

On the weekend of October 28–29, 2006, the **Día de los Muertos/Day of the Dead Festival**, sponsored by the National Museum of American History and the National Museum of the American Indian, drew approximately 6,000 visitors.

The Freer and Sackler Galleries' year-long series of events celebrating the centennial of Charles Lang Freer's gift to the nation culminated in a day-long celebration in October 2006, *From Sunrise to Moonrise*, attended by over 10,000 people.

Since November 2006, the Einstein Planetarium of the National Air and Space Museum has featured an exciting all-digital space show, *Cosmic Collisions*, narrated by Robert Redford.

The Hirshhorn launched its *ArtLab for Teens* in October 2006. This six-week program invites teens to learn about the art on view in the Hirshhorn's galleries and to make their own artwork in response to it.

On November 18–19, 2006, the National Zoo and the Embassy of Sri Lanka celebrated the fifth birthday of the Zoo's male elephant, **Kandula**. Visitors heard from experts on Asian elephants and watched Sri Lankan dancers, while Kandula enjoyed a special birthday cake and elephant-sized toys.

*Hispanic Heritage at the Smithsonian: A Decade of Latino Initiatives* was published in November 2006, and a reception to celebrate the tenth anniversary of the Smithsonian Latino Center was held on February 27, 2007.

In a March 2007 demonstration of the **Smithsonian Environmental Research Center's** distance-learning programs, 200 teachers in Arizona were linked "live and interactive" to Center Director Anson Hines on the Chesapeake Bay and Under Secretary for Science David Evans in the Smithsonian Castle.

On March 9, 2007, the Hirshhorn marked the opening of *Directions: Virgil Marti and Pae White* with *After Hours*, a late-night program of art and music. It drew a sold-out crowd of about 1,700 visitors.



The Center for Folklife and Cultural Heritage's **Smithsonian Global Sound** booked 60 new library subscriptions, partnered with Yahoo! to provide the music for a time capsule webcast in October 2006, and oversaw a dramatic increase in individual downloads.

The Smithsonian Folkways recording *Invisible Face of the Beloved: Classical Music of the Tajiks and Uzbeks* was nominated for a 2007 Grammy award in the category of Best Traditional World Album.

In December 2006, Smithsonian Institution Libraries (SIL) published *Libraries of the Smithsonian: Knowledge Lives Here*, a book with colorful two-page spreads on each of the 20 SIL libraries.

The **National Science Resource Center** is creating four new children's science books for third graders, with the first published in March 2007. More than 100,000 copies of the first 12 titles in this series are already being used by students in grades four through six.

On October 28, 2006, nearly 20,000 people attended the Udvar-Hazy Center's *Air and Scare* Halloween family event, featuring craft and activity stations, storytelling, and a film.

On February 10, 2007, 20,000 visitors crowded into the Paleo Halls of the National Museum of Natural History to experience *Fossil Fest*, the latest addition to the Museum's panoply of family festivals.

## National Outreach

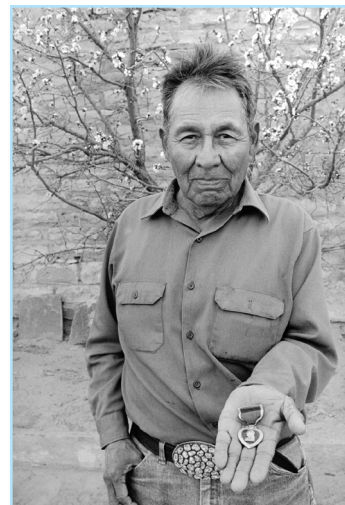
In the first half of fiscal year 2007, the **Smithsonian Institution Traveling Exhibition Service** circulated **48 exhibitions** to **118 locations** in 39 states, plus the District of Columbia, Guam, and Canada, and launched seven new shows:

- *New Harmonies: Celebrating American Roots Music*, the newest *Museum on Main Street* show, will visit rural towns throughout Idaho, Illinois, Mississippi, Washington, and Guam.
- *The Way We Worked: Photographs from the National Archives* opened at the Oregon Historical Society in Portland.
- *Becoming American: Teenagers and Immigration* opened at the Statue of Liberty National Monument and Ellis Island Immigration Museum on the New York harbor.
- *Earth from Space* opened at the National Air and Space Museum.





- *Native Words, Native Warriors* opened at the Cherokee Strip Land Rush Museum in Arkansas City, Kansas.
- *More Than Words: Illustrated Letters from the Archives of American Art* opened at the Norman Rockwell Museum in Stockbridge, Massachusetts.
- A special version of the popular civil rights exhibition *381 Days: The Montgomery Bus Boycott Story* was produced for annual display at AARP's "Life@50+" convention.



The Smithsonian Center for Education and Museum Studies hosted 1,600 educators at its annual Smithsonian Teachers' Night event, held at the National Postal Museum on October 20, 2006.

Smithsonian Affiliations signed agreements with **three new Affiliates** in the first half of fiscal year 2007. At the end of the period, there were **152 Affiliates** in 39 states, the District of Columbia, Puerto Rico, and Panama. Staff members were featured speakers or invited guests at 17 Affiliate events around the country. Overall, Affiliations coordinated participation in more than 50 events during the period.

A five-year strategic plan for educational outreach was the main agenda item at the third meeting of the Smithsonian–Council of Chief State School Officers steering committee on February 13. The plan outlines measures to increase awareness of Smithsonian web, print, and program offerings, and calls for closer collaboration with state educators in the development of Smithsonian educational resources.

The regional events program of **The Smithsonian Associates** reached into **14 communities** in 11 states with programs that brought Smithsonian experts into local schools, museums, libraries, and civic organizations. In conjunction with *Smithsonian* magazine, Associates presented CultureFests in four Arizona cities: Phoenix, Scottsdale, Prescott, and Flagstaff. And an eighth annual *Smithsonian Week in Long Beach* was presented in collaboration with the city and its local arts council.

In December 2006, the **National Science Resource Center** held its annual National Middle School Science Education Strategic Planning Symposium in Birmingham, Alabama.

## Focused, First-Class Scholarship

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### Science Units

#### *National Museum of Natural History (NMNH)*

A recent paper in *Science* by NMNH's **William DiMichele** and colleagues presents evidence of strong links between tropical vegetation, changes in atmospheric carbon dioxide levels, and surface temperatures during a 40-million year period around 305 to 265 million years ago. These results have implications for current discussions about greenhouse gases and climate change.

A recent book co-authored by NMNH entomologist **Jerry A. Louton** (*Dragonfly Genera of the New World: An Illustrated and Annotated Key to the Aisoptera*, written with Rosser Garrison and Natalia von Ellenrieder) won an American Association of Publishers Professional and Scientific Publications Award.



### *Smithsonian Astrophysical Observatory (SAO)*

SAO astronomer **Owen Gingerich** won the 2006 Prix Janssen of the Société Astronomique de France, that body's most prestigious prize.

SAO astronomers discovered the first known **negatively charged molecule** in interstellar space, significantly extending our knowledge of physical processes in interstellar gas.

In January 2007, SAO and the Harvard College Observatory released the Center for Astrophysics' **Strategic Science Plan**. The Giant Magellan Telescope and NASA's Constellation-X Mission are to be the major ground- and space-based initiatives, respectively.



### *Smithsonian Tropical Research Institute (STRI)*

In the first half of fiscal year 2007, STRI researchers produced **119 scientific publications**, including three books.

STRI received a grant from **HSBC** to fund the world's largest field experiment on the long-term effects of global climate change on forest dynamics, involving data from 17 countries. The grant will enable Smithsonian scientists to put key scientific data in the hands of decision makers responsible for global environmental policy.

In March 2007, a team of scientists led by STRI won a prestigious international award for their research. The **International Association of Landscape Ecologists** named "Rapid Decay of Tree-Community Composition in Amazonian Forest Fragments" by William Laurance and his colleagues as its 2006 "Outstanding Paper in Landscape Ecology."

### *National Zoological Park (NZIP)*

In February 2007, the **National Ecological Observatory Network (NEON)** announced the selection of NZIP's Conservation and Research Center in Front Royal, Virginia, as one of 20 "core sites" for NEON's groundbreaking environmental monitoring initiative, which will scan ecosystems across the whole nation over the course of several decades.

Panama's National Secretariat of Science, Technology, and Innovation and the Smithsonian are initiating a two-year research project on tapir molecular genetics and reproduction, to be led by NZIP's **Budhan Pukazhenth** and **Oris Sanjur** of the Smithsonian Tropical Research Institute. Staff from NZIP's Department of Animal Health also will participate.

### *Smithsonian Environmental Research Center (SERC)*

SERC's **Greg Ruiz** and **Whitman Miller** received a contract from the Department of Homeland Security to support the National Ballast Information Clearinghouse, a collaboration with the U.S. Coast Guard that seeks to quantify the volume of managed and unmanaged ballast water in ships arriving at U.S. ports. This information is critical to assessing the risk from invasive marine species in coastal waters.

### *Other Scientific Research Centers*

In fiscal year 2007 to date, researchers at the National Air and Space Museum's **Center for Earth and Planetary Studies (CEPS)** have published articles in journals such as *Nature*, *Icarus*, and *Geophysical Research Letters*.

The **Museum Conservation Institute** (MCI) and National Air and Space Museum have partnered with NASA scientists to investigate the effects of lunar dust on spacesuit materials. This research will be applied to the design of spacesuits for a planned 2020 return to the moon.

## Art Units

Smithsonian art museums published the following exhibition catalogues: *Design for Life Now: National Design Triennial 2006* (Cooper-Hewitt); *In the Beginning: Bibles Before the Year 1000* (Freer and Sackler Galleries); *African Vision: The Walt Disney–Tishman African Art Collection* (National Museum of African Art); *An Impressionist Sensibility: The Halfff Collection*; *From the Ground Up: Renwick Craft Invitational 2007*; and *Variations on America: Masterworks from American Art Forum Collections* (the last three all from the Smithsonian American Art Museum).

Among the other publications by art museum scholars were Portrait Gallery Historian **David Ward's** "Something Like Nothing: Larkin Again" (*The Sewanee Review*); African Art Archivist **Amy Staples's** "Safari Adventure: Forgotten Cinematic Journeys in Africa" (*Film History*); and Portrait Gallery Curator **Ann Goodyear's** "The Portrait, the Photograph, and the Index" (in the book *Photography Theory*).

The **Hirshhorn** is collaborating with the Getty Conservation Institute, the National Gallery of Art, and the Tate to study the preservation of Color Field paintings and works created on unprimed canvas. The results of this three-year project will be highlighted in a future exhibition.

In conjunction with its exhibition *In the Beginning*, the Freer and Sackler Galleries hosted two scholarly symposia.



## History and Culture Units

In February 2007, the **National Museum of African American History and Culture** started recording nearly 1,500 oral history interviews to document the life stories of African American families. The results of the project—a collaboration with StoryCorps and the Corporation for Public Broadcasting—will be housed in the Museum's archives and at the Library of Congress.

**National Museum of American History** curators published two exhibition catalogues and 14 scholarly articles, and lectured at conferences sponsored by 15 learned societies and seven colleges. Of particular note was Pete Daniel's presidential address to the Southern Historical Association in November 2006, "African American Farmers and Civil Rights," which was published in *The Journal of Southern History*.

Scholars from the **National Museum of the American Indian** published three articles and book chapters and delivered 11 presentations in scholarly venues. Of particular note were three lectures: Jose Barriero's "Vision and Mission of the National Museum of the American Indian" at the Third Inter-American Meeting of Ministers of Culture in Montreal, Canada; James Ring Adams's "When Worldviews Collide: Incorporating the Native Critique into the U.S. National Holiday of Thanksgiving" at the Ename International Colloquium in Ghent, Belgium; and Paul Chaat Smith's "Fritz Scholder's Unfinished Revolution, or Whatever Happened to the Native Arts Movement?" at the Smithsonian Congress of Scholars Art and History Lecture Series at the Reynolds Center.

The National Postal Museum hosted the first biennial **Blount Symposium on Postal History** on November 3–4, 2006. It offered philatelists, academic historians, and industry professionals an opportunity to discuss ongoing research into the history of postage and postal systems.

# Management Excellence

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## Leadership Milestones

**A. Sprightley Ryan** was named Inspector General (IG) for the Smithsonian in March 2007, after serving as Acting IG since June 2006. She joined the IG's office in October 2003 after a legal career that included positions with the Justice Department and the law firm of Beveridge and Diamond.



**Ann T. Speyer** was named Chief Information Officer (CIO) in February 2007, after serving as Acting CIO since September 2006. Before joining the Smithsonian, she held technology leadership positions at the Department of Health and Human Services, Gelco Information Network, and PeopleSoft.



**Anne Van Camp** stepped in as Director of the Smithsonian Institution Archives in March 2007. She comes to the Smithsonian after serving as Director of Member Programs for Research Libraries Group, Inc., since 1996.



## Information Technology

As part of a pan-Institutional initiative to confront the challenges of digitization, a *Spotlight on Digitization* conference was held on October 30, 2006, to facilitate the sharing of ideas from across the Institution. This was followed on November 29 by a day-long workshop, *Digitization @ SI: Challenges and Opportunities*, in which 137 Smithsonian staff participated. As of early April 2007, the Digitization Steering Committee was finalizing a report on the key recommendations that emerged from these events.

## Major Construction, Renovation, and Facilities Projects

### *National Museum of American History, Kenneth E. Behring Center*

**Central core: \$85.1 million total project cost**

The National Museum of American History, Kenneth E. Behring Center, was closed on September 5, 2006, to begin the renovation of its public space, including revitalization of the Museum's infrastructure, central core, and *Star-Spangled Banner* exhibit. The Federal contribution is \$4 million for design and \$41.9 million for public space renewal. The fiscal year 2007 Federal appropriation of \$13.5 million will complete Federal funding for the central core project. Construction began in December 2006. The projected date for reopening the building, July 2008, is under review, pending complete funding for the *Star-Spangled Banner* exhibit.

### *National Museum of African American History and Culture*

**Total project and program cost to be determined**

Pre-project planning for the National Museum of African American History and Culture—including an environmental impact statement (EIS) and historic preservation research and documentation—began in September 2006. This phase of the project is being performed by the Smithsonian with a team of consultants led by the Louis Berger Group, following procedures outlined in the National Environmental Policy Act (NEPA) and National Historic Preservation Act. Because the Smithsonian is not a Federal



agency as defined by NEPA, the National Capital Planning Commission is working with the Institution on the EIS as the joint lead and “responsible Federal agency.” A draft EIS will be completed by the end of this fiscal year, and the EIS and historic preservation documentation phase will be completed by May 2008. The next major task will be a scope of work to support procurement of architectural programming services. Detailed architectural programming for the facility will begin this fall.

### *Donald W. Reynolds Center for American Art and Portraiture*

**\$298 million total estimated project and program cost**

The privately funded courtyard enclosure for the recently reopened Reynolds Center is anticipated to open in November 2007. The installation of structural steel framing for the roof enclosure was completed in September 2006. In February 2007, the glazing and sealing of the enclosure was completed. The revised concept design for the exterior landscape, perimeter security, and F Street stair reconstruction was finalized in December 2006 and received concept approval from the Commission of Fine Arts and the National Capital Planning Commission in March 2007.



### *National Zoological Park*

**\$104.6 million total estimated project and program cost for Asia Trail, phases I and II**

The first phase of the Asia Trail project, which provides new homes for the giant pandas and other Asian species, opened to the public in October 2006. The second phase, currently under design, will renovate the historic elephant house and expand the elephants’ habitat. A design-build contract (for both design and construction) was awarded in September 2006. In all, nearly 25 percent of the Zoo’s developed area will be upgraded. Phase I was completed at a cost of \$52.7 million (\$45.2 million Federal), and the projected cost for phase II has been reduced from \$59 million to \$51.9 million (\$35.6 million Federal). The Federal contribution for phase II construction is to be provided in fiscal years 2006 (\$8 million), 2007 (\$13 million), and 2008 (\$9 million); \$5.6 million has been appropriated for design.



### *Arts and Industries Building Staff and Programs Relocation and Building Closure*

**\$34 million total project cost**

All staff and programs have been moved from the building, and access is now limited to essential maintenance and security staff.

### *Victor Building Staff Relocation and Consolidation*

**\$13 million total project cost**

All moves from the Victor Building were completed by the end of January 2007. Consolidation of units remaining in the Building was delayed for two months, until the end of March 2007. It is anticipated that the total cost of the staff relocations and consolidation will require additional funding.

### *National Museum of Natural History, Ocean Hall Exhibition*

**\$44.6 million total estimated project and program cost**

The National Museum of Natural History is in the midst of its largest renovation of public space in 40 years, involving seven major halls. Installation of the Ocean Hall exhibition will begin upon completion of the infrastructure and restoration of the historic interior in April 2007. The total estimated cost of the Ocean Hall is \$44.6 million: \$22.4 million in Federal funding for fiscal years 2002 through 2006 and \$22.2 million from a National Oceanic and Atmospheric Administration grant. The construction of the Federally funded portion is 85 percent complete. The exhibition will open in September 2008.

### *Museum Support Center, Pod 5*

**\$42.7 million total estimated project cost**

Construction of a fifth storage pod at the Museum Support Center (MSC) in Suitland, Maryland, began in October 2005. Pod 5 will house most of the alcohol collections currently stored at the Natural History Building and all collections from Pod 3 at MSC. With its state-of-the-art fire protection systems, the facility will eliminate a major safety concern by removing 365,000 gallons of alcohol from the Natural History Building. Congress has provided \$42.7 million through fiscal year 2007. Construction is substantially complete and the building will be ready for occupancy in late April 2007.

### *Permanent Physical Security Barriers*

**\$55 million total project cost**

Perimeter security improvements at the National Air and Space Museum were finished in December 2006. The construction contract for the National Museum of Natural History was awarded in August 2006, and construction has begun. The design contract for perimeter barriers at the National Museum of American History was awarded in April 2006, and construction funding has been requested in the fiscal year 2008 facilities capital budget.

### *Energy Conservation*

Nearly one year into the Office of Facilities Engineering and Operations' energy conservation campaign, energy usage and costs continue to be held down by aggressive management and controls, new utility contract pricing, and building equipment improvements. Savings for fiscal year 2006 were approximately \$2.7 million, although the campaign did not begin until well into the fiscal year. And in comparison with the same period in fiscal year 2006 (before the start of the campaign), fiscal year 2007 cost savings through the end of January were approximately \$1.8 million. Barring surprises in the weather, the Smithsonian should be able to live within its energy allocations, despite rate escalations. Conservation efforts will continue into fiscal year 2008 and beyond.

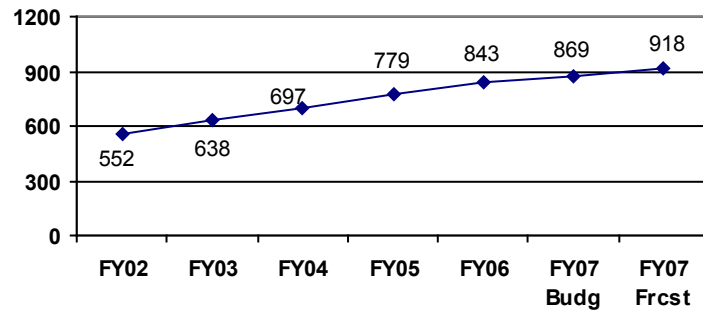
## Financial Strength

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At mid-year, the Institution had an acceptable public financial position and a sound private-sector position. The Endowment performed well, philanthropic giving was strong (with over 50 percent of the fiscal year 2007 goal raised at mid-year), and, while net income from Smithsonian Business Ventures is forecast to be below budget, business operations remained fundamentally healthy.

An important bellwether of the Institution’s financial health, the Endowment’s market value (including additions to the Endowment) is forecast to exceed budget by **\$49 million** by fiscal year-end. The total return over the last five years (9.5 percent) has exceeded the benchmark return (9.2 percent). At year-end, the Endowment is projected to total **\$918 million**. It continues to diversify its assets in order to reduce risk and improve the long-term expected return.

*Smithsonian Institution Year-end Endowment Value (\$ in millions)*



## Financial Performance

The Smithsonian is on track to meet its budget. Revenues in fiscal year 2007 are forecast to exceed budget by **\$22 million**, due primarily to increases in Federal revenues for operations (reflecting a better-than-budgeted outcome in budget negotiations with Congress), interest earned on the Institution’s short-term investments, grants awarded to the Smithsonian Astrophysical Observatory from NASA, and other miscellaneous income (unit-raised royalties, special events, and unit-sponsored business activities). These increases in revenues are partially offset by a decrease in net gain from Smithsonian Business Ventures due to the disappointing performance of catalog and travel operations.

Expenses for fiscal year 2007 are forecast to exceed budget by **\$20 million**, due largely to increases in Federal spending (as a consequence of the better-than-budgeted Congressional appropriations), spending on government grants and contracts (primarily by the Smithsonian Astrophysical Observatory), and spending associated with restricted Trust funds received and recognized as revenue in prior years.

The forecast for fiscal year 2007 reflects an overall increase in net worth of **\$115 million—\$23 million** better than budgeted.

*Smithsonian Institution Financial Performance for Fiscal Year 2007 (\$ in millions)*

	FY2007 Budget	FY2007 Forecast	Variance to Budget
Revenues	927	949	22
Expenses	863	883	20
Endowment Return Reinvested	29	50	21
Other	(1)	(1)	–
Growth in Net Assets	92	115	23

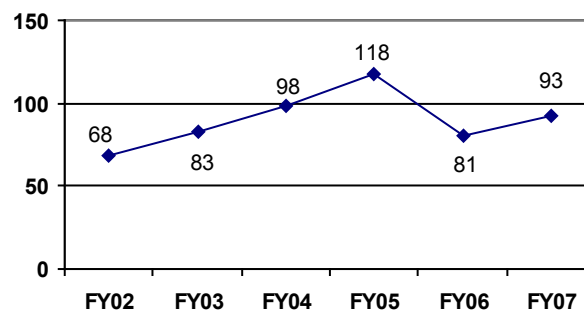


## Financial Summary

Despite the continuing funding resolution approved by Congress in February for fiscal year 2007, which held funding for facilities at fiscal year 2006 levels, revitalization of the Institution's infrastructure continues. Major capital projects such as the second phase of Asia Trail, the revitalization of the National Museum of American History, the installation of the Ocean Hall at the National Museum of Natural History, and the construction of the Pod 5 storage facility are moving ahead on budget and on schedule. Work continues on the courtyard enclosure of the Reynolds Center, scheduled to open in fiscal year 2008. Efforts to enhance security, modernize information technology, and improve financial management are also under way.

Securing adequate Federal funds for the revitalization of facilities remains the Smithsonian's most pressing financial challenge. An April 2005 report prepared by the Government Accountability Office (GAO) validated an overall facilities requirement of \$2.3 billion for fiscal years 2005–2013—an average annual funding requirement of \$255 million. Without at least \$150 million annually for facilities revitalization, the Smithsonian cannot expect to get ahead of the problem of its aged physical plant. Funding for revitalization has doubled since fiscal year 2000, but it needs to grow another 50 percent to achieve the levels recommended by the GAO.

*Enacted Funding for Smithsonian Facilities Revitalization (\$ in millions)*



## External Affairs

Through March 31, 2007, the Institution generated **\$82 million** in private support from individuals, foundations, and corporations. This compares with last year's total of **\$62.2 million** for the same period.

**Sixteen leadership gifts** of \$1 million or more have been received. Peter Buck gave \$15 million to the National Museum of Natural History's Human Origins Initiative, \$10 million of which will help fund research efforts, the Human Origins Hall exhibition, and related education programs, and \$5 million of which will establish an endowment to support the Initiative's scholarly activities. A \$10 million grant by the Conrad N. Hilton Foundation to the National Air and Space Museum for its National Mall museum will establish an endowment for early childhood education programs, modernization of the *Pioneers of Flight* gallery, and future exhibition development. A \$4.5 million gift by the A.P. Moller and Chastine McKinney Moller Foundation to the National Museum of American History will help fund the planned permanent exhibition *On the Water: Stories from Maritime America*.

Other leadership gifts provided support for the National Museum of Natural History's Ocean Science Initiative, the revitalization of the National Museum of American History, the National Zoo's Elephant Trails project, the Udvar-Hazy Center's phase two construction, and the Cooper-Hewitt campaign.

The **Contributing Membership** so far this year has generated **\$7.5 million** in unrestricted funds, 6 percent ahead of last year's comparable figure of \$7.1 million and 51 percent of its fiscal year goal of \$14.7 million. Member households continue to rise, with the total numbering over to 87,000.

The **James Smithsonian Society**, part of the Contributing Membership, continues to grow. Membership now stands at 539, considerably ahead of the figure of 496 one year ago. Revenues for the year to date are \$732,590—46 percent of the fiscal year goal of \$1.575 million. The James Smithsonian Society Annual Gala Weekend will be held April 20–22, highlighted by a gala dinner in the Reynolds Center.

The **Smithsonian National Board** held its mid-winter meeting in Panama, January 24–26, hosted by the Smithsonian Tropical Research Institute (STRI). Attending members got an in-depth look at STRI, meeting with staff scientists and visiting several research facilities. Through a fund-raising challenge initiated by meeting attendees, the Board has raised \$83,000 toward STRI fellowships. For the year to date, giving by Smithsonian National Board members is **\$9.4 million**, a figure that includes gifts, pledges, and payments on pledges.

### Smithsonian Business Ventures (SBV)

Midway through the fiscal year, SBV magazine publishing and museum retail operations, the Institution's two largest profit centers, are tracking to meet fiscal year 2007 budget, despite significant challenges in the national advertising market and the closure of the National Museum of American History.

SBV is budgeted to contribute **\$25.0 million** in net gain in fiscal year 2007, a **4.6 percent** increase over fiscal year 2006. In January, SBV management projected a potential **3 percent** shortfall to budget, due largely to soft passenger bookings with Smithsonian Journeys and a smaller-than-anticipated improvement in catalog earnings. The mid-year forecast projects a full-year **\$1.0 million** (4 percent) shortfall in SBV's contribution, reducing net gain to **\$24.0 million** in fiscal year 2007.



For its December cover story on “Living With Geese,” *Smithsonian* magazine was named a finalist in the essays category for the **American Society of Magazine Editors’ National Magazine Award**, considered the highest journalistic honor in the magazine industry. Winners will be announced in May.

SBV launched a new website in January 2007, **goSmithsonian.com**, an online companion to the 3 million copies of the printed guide that are distributed annually through Smithsonian museums and other locations throughout Washington, D.C. It offers online visitor information to Washington-bound travelers, with integrated museum maps and itinerary planners, as well as lodging and dining information.

SBV has established a new affinity marketing relationship with **American Express** that establishes Smithsonian Journeys as the preferred provider for educational travel through the 1,700 nationwide travel agents that make up the American Express Consumer Travel Network. The deal also offers selected Smithsonian products as redemption options in the American Express Membership Rewards program and gives the Institution unique access to tens of millions of marketing impressions with the American Express database.