

INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2009
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HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES
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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 2009

Tuesday, February 26, 2008.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

STEPHEN L. JOHNSON, ADMINISTRATOR
MARCUS C. PEACOCK, DEPUTY ADMINISTRATOR
BENJAMIN H. GRUMBLES, ASSISTANT ADMINISTRATOR, OFFICE OF WATER

Opening Statement of Chairman Dicks

Mr. Dicks. The Committee will come to order.

Mr. Johnson, on behalf of the Committee, I want to welcome you this afternoon and thank you for accommodating the change in the hearing time.

Today we will discuss the fiscal year 2009 budget proposal for the U.S. Environmental Protection Agency. But before we begin our review of the fiscal year 2009 request, I want to

make a quick comment on the fiscal year 2008 budget. I regret in the end we were unable to sustain some of the more important increases passed by the House in its version of the Interior and Environment bill. In particular, I would like larger amounts for climate change programs and the Clean Water State Revolving Fund but the difficult constraints imposed by the Administration and its inflexible budget policies make it impossible to do so.

Turning to fiscal year 2009, I have to say I am dismayed by the requests for the EPA. If we were to enact this budget, it would be the lowest EPA budget in a decade. Allowing for inflation, your budget is 27 percent below the 2001 enacted level. The budget will support approximately 16,311 FTEs. That is almost 1,000 fewer FTEs than you had in 2003. One has to wonder how the work is getting done with reductions in staff of that magnitude, and this budget does nothing to reverse the trend.

The single largest reduction is the Clean Water State Revolving Fund. Your request is 48 percent below the level we provided in fiscal year 2007. Over the course of the last eight years the President has proposed almost \$3 billion in cuts from the prior year appropriations. That is enough to have provided loans to 1,000 American communities. As you know, one of our adopted sons in Washington State, our friend Bill Ruckleshaus, had your job. He tells me that in the late 1970s the average annual federal appropriation for grants to build wastewater treatment plants was \$3.5 billion. The federal share of those projects was 75 percent. Today you propose one-half of \$1 billion for loans. We have to figure out a way to help meet the needs of our communities because many of them are caught in a catch-22 of having to meet federal clean water standards without the resources to do the work.

Your budget also severely reduces or eliminates almost every environmental initiative we funded in fiscal year 2008. The Subcommittee has a number of concerns with the request including a 31 percent reduction to programs to restore and protect the great water bodies of this country, a \$22 million reduction to important climate change programs, a \$67 million reduction to grants for States, a one-third cut to the Leaking Underground Storage Tank program, 42 FTEs reduced from your enforcement effort, elimination of the environmental education and rural water assistance programs, even a small cut to remediation at Superfund sites. It seems as though the only significant increases in your request are for homeland security and fixed costs, and we certainly understand the need for adjustment for fixed costs.

Let me also mention that I am excited about the 2008 increases we approved for many of the great water bodies in this country. We funded the programs you requested for many of the important water bodies like the Chesapeake Bay, the Great Lakes and the Gulf of Mexico. In addition, we approved increases for the Puget Sound program. It is the second largest estuary in the country and it is time we paid attention to its restoration and protection. I know that the Administrator has been out there and knows well what the problem is. I think we have a real opportunity here to do something historic and I look forward to working with you, Ben Grumbles, your region 10

staff and the Puget Sound partnership to ensure that we implement a sound program.

I understand that tomorrow you and your staff will meet with the National Rural Water Association. Thank you for convening this meeting, which was something I suggested to Ben Grumbles late last year. NRWA does good work for our rural communities, many of whom are struggling to come into compliance with the drinking water regulations. I think the next step will be to include base funding for this important work in your request so this will not have to be an earmark, which the Administration has already said that they are not in favor of, and that we have to reduce them by 50 percent if we are going to get a bill signed. But this meeting is a good start and we applaud it.

Mr. Johnson, today's session will give us a chance to hear your testimony, your side of the case, and also give you a chance to hear the concerns of the Subcommittee members. But I must say, I am worried about this because your predecessor laid out to us a long list of water projects that need to be done, some \$388 billion in backlog. We are talking about backlogs in roads and bridges in this country but wastewater facilities all over the country are dated and need to be replaced and so we are concerned about this. As we see your budget being cut, cut, cut, we are just worried about your ability to respond to these important national priorities.

Mr. Dicks. So now I will turn this over to Mr. Tiahrt for his statement and then we will hear from the Administrator.

Opening Statement of Mr. Tiahrt

Mr. Tiahrt. Thank you, Mr. Chairman.

Welcome, Mr. Johnson and Mr. Peacock. I appreciate you coming. Steve, I want you to know things are going well in Coffeyville, Kansas. Thank you for coming to visit that site. We had a terrible flood there and an oil spill when the floodwaters got into an oil refinery and they were unable to get the right valve turned off and we spilled I think about 80,000 gallons of crude oil into the water system. The cleanup is going very well. In fact, it is pretty well all done. The houses that were involved, there were about 300, 280 have been taken down and they are putting a green area in there. Of the 20 that are left, they are all asbestos related. And I was just down there last week and they are covered with plastic and they are doing it properly, so your folks did a great job in Coffeyville and I want to thank you for that because it really helped that community get back on their feet in a safe way.

As we all know, this is the beginning of the budget process, and while we want to hear about your priorities, we understand that the Appropriation Committee is going to play a critical role in the development of your budget. While there are numerous increases and decreases throughout, it seems like one of the most significant reductions is the Clean Water State Revolving Fund. The need is great throughout the country. I know in south central Kansas it really is. And I note that there are significant increases in homeland security needs and in new sustainable port initiatives. So I am really looking forward to your testimony and to our conversation here.

I also want to thank you for being part of the National Rural Water Association's event. I think that is very big. For those of you who live in rural areas, it has been a very important part of making life sustainable and growth sustainable in those areas. I know when I moved in West Sedgwick County back in 1981, I had a local water company come out to see if I needed a water softener or not, and he said your water is so hard it is off the charts. It was not drinkable. We holed our water until we got real water. So the National Rural Water Association has done a lot to help us in those rural areas. So I appreciate your being part of that, and as we go through this process of making rural areas more sustainable to fill the water needs, you guys are going to play a significant role and we want to be part of that process in helping those communities adapt. So I am looking forward to your testimony.

Thank you, Mr. Chairman.

Mr. Dicks. Thank you.

And you may proceed as you wish. We will place your entire statement in the record as usual and you can summarize or do whatever you want.

Opening Statement of Administrator Johnson

Mr. Johnson. Thanks, Mr. Chairman and members of the Committee. I really am pleased to be here today to discuss the President's fiscal year 2009 budget request for the EPA. This marks the eighth and final budget introduced by the President during his tenure, and as the Bush Administration sprints to the finish line, I believe this budget will keep EPA on a course for a cleaner tomorrow.

At EPA, we are proud that our Nation's air is cleaner and our water is purer and our land is healthier than just a generation ago and so we appreciate the President's \$7.14 billion budget proposal which will help EPA keep pace with the environmental challenges of tomorrow.

One important challenge is in the arena of clean and affordable energy. With both demand and cost on the rise, innovators are moving forward to advance clean power solutions. At the same time, industry is searching for new domestic energy supplies to help reduce the Nation's dependency on foreign oil. In doing so, we estimate that industry will explore thousands of new oil and gas wells on tribal and federal lands alone as well as proposing many energy projects. To ensure these projects move forward in an environmentally responsible manner, this budget requests \$14 million to hire additional technical experts and provide grants to our partners to increase their capacity to review and assess proposed projects. In addition, the budget contains sufficient funding to meet our commitment to addressing the serious challenge of global climate change. In order to advance clean air technologies, the President requested \$49 million for EPA's diesel retrofit grant programs.

Another challenge is to improve our Nation's aging drinking water and wastewater infrastructure. The budget requests \$842 million to fund the Drinking Water State Revolving Fund grants, which is an increase of \$13 million from last year. This will help the President's commitment to achieve a \$1.2 billion

revolving level by 2018. For the Clean Water State Revolving Funds, the President proposes an investment of \$555 million in 2009. This will enable the program to meet its long-term revolving target of \$3.4 billion by 2015. In addition, we once again propose to create water enterprise bonds as innovative financing tools for State and local partners to cost-effectively provide for the residents' water needs.

As we address our water infrastructure, the budget continues to support EPA's collaborative work to protect America's great water bodies. It provides \$35 million for the Great Lakes, \$29 million for Chesapeake Bay and \$4.6 million for the Gulf of Mexico.

As you know, EPA is not only a guardian of our environment, it is a guardian of our homeland, and I am proud of our responses to Hurricanes Katrina and Rita and to a number of other natural events in recent years. However, we recognize the need to expand our capabilities to respond to multiple simultaneous catastrophic events. So this budget requests an extra \$32 million for a total investment of \$170 million to train staff volunteers, increase decontamination capabilities and fully fund five water infrastructure security pilots. This additional funding also includes a \$5 million increase to support our biodefense research.

In order to keep pace with the environmental challenges of tomorrow, we have a responsibility to advance the state of our science. In this budget, the President requested \$15 million to help EPA study nanotechnology as well as an additional \$15 million for computational toxicology.

At EPA, we are working with our community partners to pass down a healthier, more prosperous future. The President's budget provides over \$1.2 billion for our Superfund program to continue transforming contaminated hazardous waste sites back into community assets. This is a \$10 million increase from fiscal year 2008.

The President also requested \$165.8 million for a successful brownfields program. We project that grantees will help assess the renovation of 1,000 properties and create or leverage more than 5,000 jobs. But while cooperative initiatives are important, we must continue to vigorously enforce our Nation's environmental laws. This budget proposes the highest dollar amount for enforcement in EPA's history, \$563 million, which is an increase of \$9 million over fiscal year 2008.

As EPA works to fulfill our responsibilities to the American people, I am pleased that this budget not only continues to deliver environmental results today, it keeps EPA on course to deliver a cleaner, healthier tomorrow. Bottom line, this budget represents good government. It helps EPA meet our environmental goals while being responsible stewards of taxpayers' dollars.

Thank you, and I appreciate the opportunity to appear before you today, Mr. Chairman.

[The statement of Stephen L. Johnson follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

GREENHOUSE GAS REGISTRY

Mr. Dicks. Thank you. For fiscal year 2008, Congress appropriated \$3.5 million for EPA to begin a greenhouse gas registry. The 2008 Omnibus mandates that you propose a draft rule no later than nine months after enactment and a final rule 18 months after enactment. The registry would require mandatory reporting of greenhouse gas emissions above appropriate thresholds. What are the timeline and milestones for proposing the rule by September of this year?

Mr. Johnson. Yes. We have initiated our work on the greenhouse gas registry and it is our intent to meet the Omnibus time frames which as you point out were nine months from enactment, September. We are aggressively working to meet that schedule. As part of the Omnibus, we are encouraged to work with existing programs and that is our first start. We note that there are California and thirty-seven other states that either have or are expressing shortly that they will have state efforts for greenhouse gas registries so we are learning from those experiences as we move forward. Our intention is to meet the deadline that is in the Omnibus appropriation.

Mr. Dicks. Do you expect to carry over into fiscal year 2009 any of the \$3.5 million we provided in fiscal year 2008?

Mr. Johnson. As you correctly point out, it is two-year money. We are now working on our operating plan. I am not sure how much will actually be carried over as part of that but certainly we would expect to continue our work on that as we move from a proposal to a final regulation next year.

Mr. Dicks. Your fiscal year 2009 request is zero for this activity, but in order to finalize the rule by June of 2009 as mandated in law, you will no doubt expend resources in fiscal year 2009. I take it because you said this is two-year money you are going to probably use this \$3.5 million?

Mr. Johnson. That is correct.

Mr. Dicks. Can you tell us, are there any additional funds that you may need to finish the rule by June 2009 as mandated in the law?

Mr. Johnson. At this point I am unable to project the need for additional funds to finalize the rule. What I can say is once the rule is finalized that the operation and maintenance of the registry is an unfunded item so it would have to be considered as part of the fiscal year 2010 budget.

GREENHOUSE GAS RULES

Mr. Dicks. Okay. Good. I am glad to hear that. For fiscal year 2008, we also provided an additional \$2 million for your work on the fuels and vehicle greenhouse gas regulations announced as the Administration's response to the Supreme Court ruling in Massachusetts versus EPA. I understand that work stopped on both the vehicle and fuels rules while you assessed the impact of the Energy Independence and Security Act on those two rules. At the same time, you have testified before Congress that the problem of greenhouse gases is fundamentally global in nature. In fact, you denied California's waiver request because

California is not unique. That logic would of course argue for national standards. Can you give me a timeline for completing the two rules and tell us what is in your fiscal year 2009 request for these activities?

Mr. Johnson. Yes, I would be happy to, Mr. Chairman. First of all, as you correctly point out, it is a global issue. I did say that I intended to deny the California waiver. My commitment to the governor and Congress was that I would finalize that decision by the end of the month, and that is certainly Friday of this week and I intend to meet that.

With regard to our activities on climate change, they range from a whole host of activities on the international front. I would encourage your support of our Asia-Pacific Partnership because of the necessary work with China. In addition, here on the domestic front, we have a wide range of activities we are working on from carbon sequestration and we have begun the rulemaking effort on the renewable fuel standard. On February 14, we issued a Federal Register notice taking the first step to establish what the calendar year 2008 requirements are for the renewable fuel standard. So we have done that and we are beginning to work on the remainder of the renewable fuel standard.

With regard to the rest of the climate change activities, I am currently evaluating a whole host of activities, not only the Mass. versus EPA decision, and what does that mean for vehicles. A whole host of petitions are pending before the agency as well as permits. I think that it is responsible good government for me to take a step back and look at all of these. Obviously each one needs to be evaluated on its own merit. But I also understand the intricacies of the Clean Air Act and that one step in this portion of Clean Air Act can and will have a dramatic effect on other portions of the Clean Air Act. Since we have all of these moving pieces, I am taking a step back and looking at what is the appropriate framework to address these. In the meantime, we are working away on the greenhouse gas registry. We are working on the renewable fuel standard. As I said, we have already taken the first step with the Federal Register notice. We have had a lot of activities going on on the international front from the major economies effort to specific projects as well as some of the projects that we know are highly successful like Energy Star.

CLIMATE CHANGE ACTIVITIES

Mr. Dicks. Is it true that in order to promulgate either of these two rules on fuels and vehicles, you would first have to make an endangerment finding that basically states greenhouse gases are pollutants?

Mr. Johnson. Well, that is----

Mr. Dicks. Is that the complication you were talking about?

Mr. Johnson. That is one of the complications and one of the issues as to whether one does have to issue an endangerment finding or one does not have to and then obviously what the implications are, not only in the context of mobile sources but what that means for stationary sources. I know that people are very anxious and would like for me to move quickly, and I am considering all these expeditiously. In the meantime we have a

lot of activities our staff are working on.

CLEAN AIR ACT

Mr. Dicks. So you just said it. If you made an endangerment finding, you would then be required to regulate CO₂ from all sources, not only from automobile emissions. Is that not correct?

Mr. Johnson. The way the Clean Air Act works is and certainly what the Supreme Court raised in their decision on carbon dioxide was that if the agency determines that there is endangerment, then we would be required to regulate. That was said in the context of mobile sources. The way the Clean Air Act works is that once an endangerment finding is made, even in the context of mobile sources, would then require regulation on stationary sources, although there is still a question in this area. That is why it is one of the important issues understanding what its implications are or not in the context of both mobile sources as well as stationary sources.

Mr. Dicks. Well, just speaking for myself, if we are not going to let California and the other States, Washington State being one of them, go forward, then it seems to me we have to in a timely way address this thing at a national level with national standards.

Mr. Tiahrt.

Mr. Tiahrt. Thank you, Mr. Chairman, and speaking from Kansas, I would just as soon let California do what they want to do and leave us alone.

Mr. Dicks. And California wants the same thing.

FIXED COSTS

Mr. Tiahrt. And California wants the same thing.

There are a lot of interesting technologies in carbon sequestration now. I just was watching the Discovery Channel last night and they talked about the Arizona project using algae to consume carbon and it ends up producing a substance which can then be used for making plastics or to be burned again. So I think a lot what we should do now is focus on this new technology so that we can solve problems in other ways other than just punishing States and people one way or the other. And I do not think the science is settled on climate change yet but I do think that maintaining a good environment is very important, and we talk in broad terms of greenhouse gases. Greenhouse gases include a lot including mostly water vapor and we certainly would not consider regulating that, I would not think.

I am a little concerned about the area of your budget that only has 60 percent for paying fixed costs as compared to 86 percent for the rest of the Department of the Interior. If we are not able to make some adjustments here on those paying fixed costs, what are your plans to meet those obligations?

Mr. Johnson. We believe that the budget certainly adequately covers our fixed costs and in fact accounts for the fixed costs as an agency. Having said that, as an agency, we are looking at continued ways that we can improve our performance and get, if you will, more bang for the buck. That

goes from building green buildings, and we are very proud to be one federal agency buying 100 percent green power, to having facilities that are meeting Leed certification at the silver or gold levels. We are using our dollars wisely in our fixed costs. We have commissioned a laboratory study to look at things that we can do to improve the efficiency of our operating laboratories across the country. So we are continuing to move forward at that pace.

Sir, I did want to comment. I appreciate your comments on Coffeyville and I want to thank you for your leadership. I know it seems within moments of the natural disaster that you contacted me and I appreciate our great working relationship. Also I appreciate the opportunity to go out and visit and see the progress and some of the challenges. I am pleased that we are on track to fix that area, and of course what is even more exciting is to see that oil refinery facility actually donate land back to the city and make a green space. So taking what was an awful situation and really turning it out for good.

LEAKING UNDERGROUND STORAGE TANKS

Mr. Tiahrt. Thank you, and we do not hear often reports on success stories. We are more likely to hear when EPA fails than when they succeed, and this is certainly one case where partnership that EPA had with the local community, with the State worked very well, and I want to make sure that the infrastructure is there so that when the need arises in other communities you have the same ability to respond as quickly and as efficiently as you did to Coffeyville, Kansas.

The leaking underground storage tanks, there is a reduction in there, and I cannot speak for the rest of the Nation but it seems like we have done a lot to deal with underground storage facilities as far as changing the technology for the storage, cleaning up the ones that had the old metal tanks. Is there going to be a point where we see a reduction here compared to what was enacted in 2008 of about \$33 million, \$33.5 million. Is the \$72.5 million that you propose going to be enough to handle the diminished need here?

Mr. Johnson. As I know you probably even appreciate more than I, looking at many, many budgets, the budget is complicated and in fact for our 2009 request our actual request, total request for the underground storage tanks program is \$103.8 million. As part of that, there is not the traditional funding from the leaking underground storage tanks trust fund, but there is also the STAG account, the State and Tribal Assistance Grants, so it is actually \$103.8. The enacted budget of 2008 was \$116.2 so there is a difference of \$12.4 million. That reduction is because we believe, and have proposed as a part of the budget proposal, that there is a better way than the required inspection program that is a requirement as part of the Energy Policy Act of 2005. There is a more cost-effective way, to accomplish the inspections that are required in the 2005 Energy Policy Act and do it in a more cost-effective way and in fact save taxpayers at least \$12.4 million. I would like to just launch on one other thing that-- or actually two other things we talked about. One, is the opportunity through an alternative program to address

underground storage tanks. Another area which I commented on last year and I would certainly like to call to the chairman and the full committee's attention, is the opportunity for us to make a difference for abandoned mines, the key word abandoned. There are over 500,000 abandoned mines in the United States. We have a lot of Good Samaritans who want to come in and help if it were not for the fact that they assume liability if they come in and try to do something. Here is an opportunity to make a difference across the Nation, making an environmental difference using our citizen volunteers to really help and do so in a responsible way. So I would certainly encourage all of you to give careful consideration to this program. We think it is a program that is necessary and one that we could use our citizen volunteers to help make a difference.

Mr. Tiahrt. Thank you.

Mr. Chairman.

Mr. Dicks. Mr. Moran.

Mr. Moran. Thank you, Mr. Chairman.

Mr. Johnson, it is nice to have you join us.

Mr. Johnson. Thank you.

AIR STATE GRANTS REDUCTION

Mr. Moran. I know it must be difficult being a professional working within this political environment but EPA has once again proposed cutting funding that supports the work of local and State air quality agencies, a substantial reduction, more than \$31 million. Nationwide, EPA has found cutting the grant program will result in a loss of State air pollution control officials and that it will seriously impair the States' ability to implement ozone and particulate matter standards. It is likely that Congress will enact legislation that is going to address greenhouse gases very soon. That is going to impose a new regulatory burden on the States. So I would ask why is EPA cutting the funds that would support professionals working in air quality positions? This budget cut is going to eliminate those positions just when significant new regulatory burden is on the horizon and we do not have enough people to do what is already required. Why would you do that?

Mr. Johnson. Well, there are two reasons. The President's budget proposes a cut of \$17 million, which is a transfer of the particulate matter monitors from section 103 to section 105, and what that means is that a State match of Federal funds is required. When the grant program was set up, it was envisioned and certainly the history is, is that the Federal government would pick up the tab for the entire monitoring in the early days to get the monitoring program established and then as that became a more established program, then it would evolve into a state match and so that is \$17 million of the cut that you are referring to. The other \$14 million is a reduced level of support for attaining current NAAQS for carbon monoxide, for SO₂ as well as lead. In fact, for those three current standards, all but one area of the country are meeting the standards, and in fact, when you look at that whole overall area, we are still supporting in the budget by way of \$185.6 million to help in the air arena.

MERCURY RULES

Mr. Moran. It seems to me that EPA has taken a position that in effect undermines State efforts to do the responsible thing with regard to air pollution, and the Chairman brought up the situation with California. I was stunned that where I would think that EPA would be encouraging State and local efforts, you pulled the rug out from under California, which was attempting to show the lead because of the lack of leadership on the Federal government's part, and now you are cutting the money that would enable States to move forward in finding ways to reduce air pollution and to deal with climate change, even though there are apparently people on this committee who still question what all of the scientists have concluded, that climate change is real and is a serious threat to the health of our citizens. The U.S. Court of Appeals for D.C., certainly not a liberal court, a very conservative court but they recently ruled that EPA violated the Clean Air Act in 2005 when you exempted coal plants from emission controls for mercury and other toxic substances like arsenic, lead and nickel. The Clean Air mercury rule would have created a cap and trade program to allow utilities to swap rights to emit mercury to comply with overall limits that would reduce nationwide emissions by 70 percent by the year 2018. The court ruled that EPA must fundamentally rework its mercury rules for utilities. How does your budget request comply with that court order?

Mr. Johnson. Well, first, it is worth noting that because of the Clean Air interstate rule that was signed and put in place for SO₂ and NO_x reductions, we actually get early mercury reductions, which is good. Having said that, we are disappointed in the court's decision because we are the first country to regulate mercury from coal-fired power plants. We are now reviewing the decision. We have not made any decision as to what our next steps are, given the court's decision, but as I said, we will be getting some early reductions because of our Clean Air interstate rule implementation.

Mr. Moran. Are you personally disappointed that the court required that you monitor mercury emissions from utility plants, from power plants, knowing the toxicity of mercury? Are you really personally disappointed with that, Mr. Johnson?

Mr. Johnson. I am very disappointed in the court's ruling because it overturned and left vacant the first-ever regulation of mercury from coal-fired power plants, so yes, I am very disappointed in that. Again, in the court's decision, the court was on the delisting. They did not get to the issue of whether cap and trade or section 111 was an appropriate vehicle for considering----

Mr. Moran. Well, do you plan to pursue a cap and trade approach?

Mr. Johnson. Again, we have not made any decisions. We recently just got the decision so we are looking at what our next steps are.

Mr. Moran. Well, yes. That is what the rest of the country is talking about. You would be the ones to implement it. There must have been some discussions. It is hard to believe that you do not have an opinion on the cap and trade approach.

Mr. Johnson. Well, as I said, I am certainly disappointed and believe that the cap and trade is a good way and a cost-effective way of achieving control technology. Again, with regard to the recent court decision, I have not made a decision as to what our next steps will be, given that decision.

Mr. Moran. Are you going to provide resources to States and localities who are trying to enforce their own standards to reduce the risk from these emissions of mercury and other toxicities?

Mr. Johnson. Well, again, that is another very important question is, how do State activities or proposed State regulations square up with this court decision and then what would be the appropriate steps either at the State level or certainly at the Federal level. Those are all part of the considerations that I am giving right now.

TRONA RESEARCH

Mr. Moran. We have a power plant that affects the air that everyone in the Washington, D.C., area breathes. It is across the Potomac River. It was built about 50 years ago and it is the worst stationary source of air pollution in the entire Washington area, the worst stationary source. They are using a chemical called Trona. Now, on the Trona manufacturer's website, it warns that this can be hazardous to people's health, causing lung disease, cancer, et cetera, but we are putting it into this power plant's emissions and yet in effect it is polluting the air that we all breathe in Washington, the Nation's capital. Have you done any research on Trona? Because apparently other power plants are going to use this as well since EPA has not come down on this particular power plant. You stayed silent. Do you have any thoughts on that?

Mr. Johnson. Well, a couple. One is that as you are well aware and certainly as we have discussed, the Virginia Department of Environmental Quality is the primary implementer of the Clean Air Act in Virginia and addresses these kind of issues. With regard to Trona, what we do know, it is a naturally occurring substance. It has been used in a public utility power station in Denver for control of SO₂ emissions for about 20 years. It has also been used successfully at the American Electric Power Company's Gavin Power Plant in Ohio, which is a significantly larger facility, to mitigate high SO₃ concentrations and resolve local air qualities. I know that it is, I believe, at least as I understand, it is used in other plants. Our Office of Research and Development is beginning to look at the scope and the nature of this material and working with the States but we certainly are aware that it is being used in other parts of the Nation and have been used for quite a while.

Mr. Moran. The question was on research. I know, Mr. Chairman. I do not have any further questions but I do have a comment. You know, at one point your first response to that question was well, we defer to the States, but on the other hand, you do not give the States the resources that are necessary, and when a State does take initiative like California did, you overturn it. So it does seem to be an inconsistent position with EPA's role vis-a-vis the States.

Thank you, Mr. Chairman.
Mr. Dicks. Mrs. Emerson.

CLEAN WATER STATE REVOLVING FUNDS--STATE BOND MATCH

Ms. Emerson. Thanks, Chairman.

Thank you so much for being here today. It is nice to see you again. My first question has to do with the Clean Water State Revolving Fund, and I noticed that back at the end of March 2007, the Inspector General's Office issued a report urging EPA to stop States' use of bonds to meet revolving funds match requirement of the Clean Water State Revolving Funds. I also know, I am sure you know that not only Missouri but 20 other States in fact use match funds to secure their revolving funds so that we are able to complete wastewater projects and upgrade some deteriorating wastewater infrastructure, especially in our rural areas. It is quite important.

My question is, Mr. Johnson, in fiscal year 2009, if you all have any intention to refuse to accept match funds or any other means of contributions to satisfy the match requirement?

Mr. Johnson. Our 2009 budget allows for state bond match.

Ms. Emerson. Okay. Do you think that will be revisited this year at all?

Mr. Johnson. In constructing the President's request for 2009, our working assumption is that the budget allows for state bond match.

Ms. Emerson. Okay. Well, that is certainly helpful because I do not know how our State particularly would be able to do many of the projects that it is currently doing to try to keep on the right side of the law.

Mr. Johnson. Just to add to that, if I might, is that as I mentioned in my opening testimony, clearly we all agree that the needs are great in our safe drinking water and clean drinking water area, capital needs are great, and the Federal government clearly has a role to play but also ratepayers, each of us individually have a role to play, and there are steps that can be taken and one of the ones that we are certainly encouraging Members of Congress, you, to carefully consider and that is the use of private activity bonds. We have seen the success of private activity bonds, calling them water enterprise bonds here. We see it as another important opportunity for us to make and have more funds available to address the serious needs that the Chairman and I think all the members really believe and so I would really encourage you all to seriously consider steps to help us to make those private activity bonds a reality.

Ms. Emerson. I appreciate that. Thanks, and I will have to learn more about that.

Mr. Dicks. Yes, why do you not tell us? Without infringing on your time----

Ms. Emerson. Okay. That is great.

PRIVATE ACTIVITY BONDS

Mr. Dicks. Tell us--Ben has tried to explain this to me over the years and I am still waiting for a good answer or one that I can understand.

Mr. Johnson. Well, sure.

Mr. Dicks. Tell me what private activity bonds are.

Mr. Johnson. Private activity bonds, the current Internal Revenue Code, it is section 146 of the Internal Revenue Code, has a cap on the States' ability to privatize and to include capitalization of a variety of things including water activities and so what needs to happen is to revise section 146 to actually remove the cap which would--and I think I am getting this right--yes--I checked with my tax attorney here--to make adjustments in there to allow the State to then use private activity bonds. I mean, in shorthand, for me, it is yes, there may be a short-term loss of some tax revenue but our experience with private activity bonds in other areas, there is a long-term gain in capital investment. There have been a variety of estimates that we have done where there is yes, you are losing tens or maybe \$100 million of tax revenue but over time the ability to use private activity bonds will result in \$1 billion to perhaps \$3 billion worth of investment. I mean, that is precisely why I see the opportunity if we can address this so that we can get more investment into this important area by any means.

Ms. Emerson. Are there other agencies or departments in the government who use these for other types of capital projects? Ben, do you know?

Mr. Grumbles. Very briefly, Mr. Chairman.

Mr. Dicks. Go ahead, Ben.

Mr. Grumbles. I want to emphasize that it is not privatization, it is 10 percent or more participation by the private sector in managing, helping to finance, so it is a tool for greater private sector involvement at the choice of the community to still have tax-free municipal bonds issued. It is removing the artificial cap in the tax code to allow for more participation at the choice of the community to have some private sector involvement. Other agencies--we worked with the administrator and the Secretary of the Treasury worked on this so it is something that the private activity bonds are used for other forms of infrastructure and, as the administrator said, we view this as an important tool to bring in additional funding. It is estimated it could be \$5 billion a year in new money.

Mr. Dicks. So in essence you are borrowing from the private sector and then paying them back separately

Mr. Grumbles. It does involve that.

Mr. Dicks. From municipal bonds?

Mr. Grumbles. Yes. It invites the private sector to be more involved in some way through financing or management or operation of the facility. The key is that if it is more than 10 percent involvement, the current tax code provisions, which are recommending be removed, limit that. They put an artificial cap on the private sector involvement if you still want to have the tax-free municipal bonds. And that is why the Conference of Mayors, engineering groups and others are supportive of removing the cap that is part of the----

Ms. Emerson. That is interesting.

Mr. Dicks. Yes, it is interesting.

Ms. Emerson. Thank you for that explanation. That is helpful.

Mr. Johnson. Well, thanks, Ben, for adding to that. That helps.

ANIMAL WASTE--CERCLA

Ms. Emerson. Let me quickly--and this will not take you but a minute--regarding the most recent regulation or notification on animal waste in agriculture from CERCLA, and I just wanted to ask you, you know, obviously the change in my opinion and that of farm groups says that this new policy will adequately address all of their needs and certainly reduce some of the burdens of the reporting requirements. I know that some of the States, however, would be asking you all to narrow that exemption by cutting out large operations. Is this a very real possibility, and if it is, have you all discussed what size operations you would foresee excluding from the exemption?

Mr. Johnson. We are right now literally in the midst of the public comment period and it closes March 27th. We heard from as many ag producers as we also heard from a number of States, that there are emergency responses to the air emissions from animal feeding operations. We understand there is a burden from this reporting, we do not think it is really necessary, again from an administrative, from a response perspective. Now, there are some circumstances, if there was obviously a major spill that we would be concerned and want to be able to contain. So we are right now in the proposal stage. We are in the public comment stage. And I suspect we are going to get a number of comments that go along the lines of, is there a particular cutoff or not and both I am sure pro and con and that is good. That is why we go through a notice and comment rulemaking.

Ms. Emerson. Thank you so much.

Mr. Dicks. We are going to go over and vote. There are going to be two votes. There will be a motion to recommit but there will be a 10-minute debate and then 25 minutes. So we are going to come back after the second vote, and we will continue.

[Recess.]

Mr. Dicks. The Committee will come back to order, and I will recognize Mr. Olver.

Mr. Olver. Thank you very much, Mr. Chairman. It may be that I do not have any questions to ask after all. Let me just ask, for starters, have you discussed with anybody in particular the Energy Star Program at this point?

Mr. Dicks. I think that is a good one to talk about. It was mentioned by the Administrator.

ENERGY STAR PROGRAM

Mr. Olver. Okay, it was mentioned in several ways by you, Mr. Johnson. I just want to say that I seem to be able to say I am dismayed about the budgets of agencies under this committee's jurisdiction. Each time I come by each session. This time I am dismayed that the EPA's budget cuts the Energy Star budget by 10 percent. It goes from \$49 million down to \$44.2 million, as I understand it. This seems to be in direct contrast to your written testimony which states that--I think I am quoting here--one cornerstone of our partnership is the Energy Star Program. Also just earlier today in a comment that

was made to the chairman to a question that he had raised, I think it was he, you had called Energy Star the very successful Energy Star Program. Can you comment on this discrepancy?

Mr. Johnson. Well, sir, I would not characterize it as a discrepancy and I do believe the Energy Star Program is a highly successful program and certainly have a lot of statistics to back that up on the energy choices and consumers having a smart choice. We think it is a highly successful program. We think that the President's 2009 budget request continues to support that highly successful program.

Mr. Olver. Well, a 10 percent cut does not seem to me to do that very well, but then let me also say, your written budget states roughly that--and this may be not a quote--but that every dollar spent on Energy Star and other climate change partnership programs will deliver more than \$75 in energy bill savings. That is a complicated statement but you are nodding as if you remember that that statement is made. My calculation would be that if that is the case, that a \$4 million reduction in the Energy Star Program is eliminating \$360 million of--or it is creating \$360 million of lost savings for U.S. consumers and taxpayers. Do you challenge that logic?

Mr. Johnson. Well, I guess I do challenge the logic that in fact these are partnership programs and that in some cases, you know, a partnership program of investing \$1 may have a return on investment of \$3. In some cases an investment of \$1 might have a return on that investment of \$2 or in fact \$1.

Mr. Olver. I take it that what you meant was that each dollar would create \$75 in energy bill savings as kind of an average over the different programs, Energy Star and other climate change partnership programs. So----

Mr. Johnson. Again, the point is----

CALIFORNIA WAIVER REQUEST

Mr. Olver [continuing]. I would say it is a quite reasonable thing to calculate that loses \$360 million of savings. Okay. The other thing, I wanted to talk about the California standards decision. Was that discussed?

Mr. Johnson. Yes.

Mr. Dicks. We discussed it to some extent.

Mr. Olver. All right. My understanding is that you have not yet provided a decision report or any sort of documentation for the decision to deny California's request. Is that correct?

Mr. Johnson. Well, not completely accurate. I did send a letter to the governor in December announcing my intention of denying the waiver and the basis of that, which is section 209 of the Clean Air Act, which deals with compelling and extraordinary conditions. I have committed to both the governor and Members of Congress that I expect to have the final decision document completed by the end of this month, which is----

Mr. Olver. Is it usual to do the document justifying the decision that you have made after the decision has been announced?

Mr. Johnson. No.

Mr. Olver. I do not know that as a procedure to be followed.

Mr. Johnson. I clearly indicated that that is in fact unique and it was unique in the fact that I had committed to the governor to make a decision so it was our way of being able to stay true to my commitment to the governor of announcing a decision, at the same time making sure that we have the final agency decision document prepared as is the customary way.

CALIFORNIA STANDARD VS. CAFE STANDARD

Mr. Olver. In your announcement, you did make the argument that the CAFE standards set by the 2007 energy bill would establish a more aggressive standard than the California emissions rule. The California Air Resources Board has issued its report back in January saying that by 2016 the California rules would reduce California greenhouse gas emissions by 17 million metric tons of carbon dioxide where the Federal CAFE standard would only save 8 million tons, and looking down the list of all the States, there are 12 other States who would be involved. Every one of those States shows in the tabulation that the California Air Resources Board has put out in their report, every one would reduce greenhouse gas emissions by more using the California standards than would happen by the same year using the CAFE standard change that was done in the December bill.

Mr. Johnson. Well, thank you for raising it because it is one of the important pieces that seems to get lost in the discussion on the California waiver, and that is, there are three very specific criteria in the Clean Air Act by law of which I have to judge California waiver decisions. The second criteria are there are compelling and extraordinary conditions, if you will, are there unique circumstances unique to California, is it exclusive in the issue. Well, in my judgment, according to all of the science information that I reviewed California does not meet that compelling and extraordinary condition. In fact, you point out that there are at least 13 or up to 17 States. In fact, every time someone raises that it just reinforces the issue that climate change is a serious issue. That is not the point of the decision criteria in section 209 of the Clean Air Act. The decision criteria is, are there compelling and extraordinary conditions in California? Every time a governor, another State representative talks about the need for their State to address global climate change, you are actually making my very point on the California waiver, is it compelling and extraordinary conditions, and in my judgment, no. And again, it is not the issue of whether climate change is a problem. I agree, it is a serious problem and----

Mr. Olver. I suspect it will be settled in court. I will be most curious to see how the court which said you had the power to do this, it was under the law that California could have its separate standards and other States could join in on that, it will be interesting to see how that court then decides in the case when it gets to them.

Mr. Johnson. Either the courts will sort it out or Congress will revisit the issue of what should be the maximum CAFE standard for the Nation.

Mr. Dicks. And now we have the gentleman from California, Mr. Calvert, who has been dying to get in on this.

Mr. Calvert. That is true. As the lone Californian, Mr. Chairman, I will admit for the record that we have a lot of gas that comes out of the State of California. As a matter of fact, we had an extraordinary number of private jets that just attended the Oscars in Hollywood, and if you could regulate that, we could probably get a hold of the problem.

Mr. Johnson. We actually have a petition pending before us on that issue.

SUSTAINABLE PORTS INITIATIVE

Mr. Calvert. First, I want to applaud you for largely maintaining the increased funding dedicated toward the Diesel Emissions Reduction Program, which is a big deal in my part of southern California. As your staff has estimated, the program funding level of \$49 million would leverage about \$100 million in funding assistance to reduce harmful particulate matter by approximately 7,000 tons, achieving billions in health benefits.

I also want to applaud you for the new Sustainable Ports Initiative. As you know, we have the ports of Los Angeles-Long Beach in my area of southern California. While my district is not directly next to the ports, it is affected by them on a constant basis as the containers make their way from the ships into rail and trucks, move through my district, and as the Committee knows, about 40 percent of all trade activity goes through the port of L.A-Long Beach. I have introduced legislation called the On Time Act. It seeks to address the transportation impacts of moving freight in and out of ports. At the same time, I recognize we must address the environmental impacts of programs just like the Sustainable Ports Initiative. Can you provide us with some of the details of that initiative?

Mr. Johnson. I would be happy to. As you said, as part of the President's budget, we are asking for \$49 million for diesel retrofits, \$15 million of which we want to focus on our Sustainable Ports Initiative. We would like for it to be a competitive program, and recognizing that ports, if you will, around our country are facing similar issues. I think one of the things that is very compelling to me are again we were talking about results and investment. Here is an opportunity that we expect that with the \$49 million we will be able to retrofit or rebuild or replace somewhere between 250 to 300 new clean diesel engines. If you were to take 100 bulldozers and exchange or retrofit 100 bulldozers, that eliminates 16 tons of pollution every year, 16 tons of that black soot particulate matter material. It is an incredible opportunity and an incredible need to address both for diesel engines, legacy engines around the United States but particularly that opportunity in port cities and some of which have some significant challenges on air quality like the port of Los Angeles.

CA DIESEL EMISSIONS REDUCTION--2008

Mr. Calvert. On a similar subject, last year Congress funded a new California emission reduction project grants program at a level just under \$10 million. The program will

fund diesel emission reduction projects within the San Joaquin and the South Coast Air Quality Management Districts. Can you tell us what the status is with this program and when the EPA expects to issue these funds?

Mr. Johnson. I do not know the status off the top of my head. Let us get back to you on the record.

[The information follows:]

On February 15, 2008, EPA sent guidance letters to South Coast Air Quality Management District and the San Joaquin Valley Unified Air Pollution Control District inviting each to apply for \$4,922,000 in funding. As soon as the districts submit their applications and work plans, EPA Region 9 will move quickly to award the funds.

The applications are due by April 30, 2008. However, as we have already held substantive conversations with the Districts on this issue, we expect earlier submissions. The grants will be issued within 60 days after we receive complete applications, though we will expedite to the extent possible.

Mr. Dicks. For the record.

Mr. Calvert. I appreciate that, Mr. Chairman.

Mr. Dicks. Mr. Udall.

CALIFORNIA WAIVER REQUEST--STAFF TALKING POINTS

Mr. Udall. Thank you, Mr. Chairman.

Administrator Johnson, back to the California waiver, my understanding is that your professional staff in a presentation to you in October strongly disagreed with your decision and they said things along the lines that it is obvious that there is no legal or technical justification for denying the waiver. Is that correct?

Mr. Johnson. I do not recall those words. In fact, what I recall was, I received a wide range of options, all legally defensible, all of which--obviously every decision that I face has----

Mr. Udall. Did your air quality chief, did she make a presentation to you at the October meeting?

Mr. Johnson. As I recall, there was an October 30th presentation----

Mr. Udall. And that presentation which has been turned over to the Senate committee said specifically that it is obvious there are no legal or technical justification for denying the waiver.

Mr. Johnson. I do not know what----

Mr. Udall. So that is your top official with the EPA.

Mr. Johnson. Again, I do not know exactly what you are referring to but I----

Mr. Udall. Well, I am referring to the document, the presentation that----

Mr. Johnson. May I see it?

Mr. Udall [continuing]. Has been turned over to the Senate committee. Did your staff tell you they thought it would hurt your credibility----

Mr. Johnson. First of all----

Mr. Udall [continuing]. In terms of managing the agency?

Mr. Johnson [continuing]. The document that is referred to

here was never presented to me.

Mr. Udall. It was never presented to you?

Mr. Johnson. No.

Mr. Udall. So your top----

Mr. Johnson. I became----

Mr. Udall. Your top person--hold it. Hold it.

Mr. Johnson. I became aware of this as part of the document production in response to requests of oversight committees, both on the House and the Senate side. I became aware of this document at that time. This was never presented to me.

Mr. Udall. So did the person appear in the meeting that----

Mr. Johnson. Yes.

Mr. Udall [continuing]. Drafted the document?

Mr. Johnson. Oh, well, I do not know who drafted the document because I was not aware of it.

Mr. Udall. Well, it says in there, it says the deputy's chief drafted the document, Chris Grundler drafted the document.

Mr. Johnson. Yes. I did not see it. I was not aware of it until there was--that it became----

Mr. Udall. Well, let me get back to the discussion in the October meeting. So nobody really raised the issue that it is obvious that there is no legal justification to do this and that----

Mr. Johnson. I had a wide range of options that were presented to me. They were all presented as legal options.

Mr. Udall. That is not the question I asked you.

Mr. Johnson. Well, I am telling you what the presentation was, and, you know, again, it was ultimately my decision, my decision alone. I needed to evaluate the criteria, evaluate the petition in light of section 209. That is what I did. I made the decision, mine alone. It is the right decision. I understand that a number of you disagree with that. I respectfully disagree. You will see my----

Mr. Udall. Let me ask----

Mr. Johnson [continuing]. Final decision by the end of the month.

Mr. Udall. Okay. Let me ask though about the decision----

Mr. Johnson. And that will characterize what I said.

CALIFORNIA OZONE PROBLEM

Mr. Udall [continuing]. Because you have talked about this section 2, compelling and extraordinary. My understanding is that California has always historically been involved with ozone and they have been very aggressive about that and that your staff recommended that this actual ozone problem that California had and its historical involvement met the criteria for compelling and extraordinary in this presentation and before you. Is that correct?

Mr. Johnson. That is one of the issues that will be addressed in my final agency decision document. It is clear that California has a serious ozone problem. In fact, so serious that are currently not meeting the current health standard. As a number of you are widely well aware of, I am now in the process of reevaluating that NAAQS standard and I am under a court order deadline of March 12th, by which I intend

to make my decision on the final ozone, so it is an important issue that came up during the California petition. It is going to be addressed in the final decision document that I said will be issued next Friday.

CALIFORNIA WAIVER ANNOUNCEMENT

Mr. Udall. Did you deviate from your normal procedure of not having it in writing in advance to announcing it? You seemed to suggest that earlier.

Mr. Johnson. Well, let me----

Mr. Udall. That is an easy question. It is just a yes or a no.

Mr. Johnson. What I said was----

Mr. Udall. Did you deviate from your normal procedure?

Mr. Johnson. The unique aspect of this procedure was that I put in a letter and announced my decision in order that I could meet the commitment that I made to the governor and Members of Congress. That is unique from past agency practice, and I acknowledge that.

Mr. Udall. So the answer is yes, you deviated from the normal procedure?

Mr. Johnson. I do not particularly like the word ``deviation.'' I think it was an accommodation to----

Mr. Udall. Should we use ``aberration''? Is that better? Let me ask this. You obviously----

Mr. Johnson. My intent was to honor my commitment to the governor and that is what I did.

Mr. Udall. Administrator Johnson, you obviously know, I mean, this global warming issue is a huge issue for the State of California and the impacts it has on ozone and these other things, and here you have a State that is trying to do the right thing. You know, you have a Republican governor who is being very aggressive and saying I want to tackle this issue. He is trying to do the right thing, and it appears to me--I mean, I want you to answer this. It appears to me that here he is trying to do that and you slap him down when your professional staff is telling you that basically he should be able to do it because he has compelling reasons and so it looks like rather than protecting the people, which is your job, you are protecting the special interests. Could you respond to that?

Mr. Johnson. My responsibility is to do what the law instructs me to do and that is to make an independent decision under the Clean Air Act, and that is what I did. I recognize some people disagree with that. Other people agree with it. Again, it is not a popularity contest. The law is not a rubber stamp of this is the way it has always been done. It is an independent look. I did it. It was my decision, my decision alone. I had many, many, many, many hours of briefings. In fact, I think we have to date now either made available or turned over 5,000 documents on this issue. You know, a lot of people had a lot of opinions. I had a range of recommendations that were presented to me. I carefully evaluated those.

Mr. Udall. I understand that.

Mr. Johnson. I made a decision and I know that some people do not like it.

CALIFORNIA WAIVER--STAFF COMMENTS

Mr. Udall. Mr. Administrator, was Margo Oge in the meeting with you?

Mr. Johnson. Margo Oge was frequently in the meetings with me.

Mr. Udall. And she never raised these issues that are in her written presentation that has been turned over----

Mr. Johnson. Not with me directly.

Mr. Udall. She never said anything like this----

Mr. Tiaht. I just read this article here, and it was not really her written presentation, it was Mr. Grundler's, and it says here----

Mr. Udall. It is my time, I believe, Todd. I believe it is my time. It says a presentation prepared for the director and so prepared for the director, air quality director, Margo Oge, urged Johnson to grant the waiver and suggested he would face great outside pressure to deny it, and as part of the presentation it said--and this is a direct quote--`It was obvious no legal or technical justification for denying the waiver.' That is a direct quote from the presentation. Did she say that to you at any time?

Mr. Johnson. Again, the document that is referenced here was never presented to me.

Mr. Udall. Well, that is not my question. The question is, at any time did she say that to you----

Mr. Johnson. You know, I----

Mr. Udall [continuing]. Not whether the document was presented.

Mr. Johnson [continuing]. Received a lot of comments from my professional staff and that they presented me with a wide range of options. One of the options was denial, and I carefully considered all of the options.

Mr. Udall. Was one of the options to grant the waiver?

Mr. Johnson. One of the options was to grant the waiver.

Mr. Udall. And did Margo, did she say in terms of granting the waiver, did she say those words to you that I just----

Mr. Johnson. As I said, those words were never presented to me in whatever document that you are referring to. I became aware of the document as part of the document production. So those were not presented to me.

Mr. Udall. I think I have beat a dead horse here, Mr. Chairman, so we will leave the Administrator alone.

Mr. Dicks. Okay. I think you have been through it a good bit today and have done quite well. Let us adjourn the hearing.

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Wednesday, February 13, 2008.

FOREST SERVICE BUDGET REQUEST

WITNESS

ABIGAIL R. KIMBELL, CHIEF OF THE FOREST SERVICE

Opening Remarks of Chairman Dicks

Mr. Dicks. The Committee will come to order.

Today we review the Forest Service budget request, which is a great disappointment.

Chief Kimbell, thanks for coming today. I hope we can have an open and candid discussion of your request, which requires you to reduce 2,700 full-time equivalents, reduce your maintenance, cut State assistance programs and halt land acquisition. Yesterday we spent hours looking at the wildfire programs, and we learned how the Administration has put all of its eggs into the fire suppression basket and cut back on the core missions of the Forest Service. During this hearing, I am sure we will hear about funding tradeoffs for wildfire suppression, but I want to be sure that we take the time to learn how this budget would affect the natural resources managed by the Forest Service and the impact on the American public.

The Forest Service is in charge of much of the mountainous areas of the American West outside of Alaska and manages the largest blocks of public lands in the Midwest and East. Protecting these watersheds and wildlife is essential. The national forests and grasslands offer endless recreational opportunities and provide essential natural resources for rural communities and American consumers. The majority of the Federal trails, campsites, wilderness and wild rivers in the Lower 48 are part of the National Forest System. Let us discuss how this request will impact these wonderful areas comprising over 170 million acres outside of Alaska, which is more than three times more land in the Lower 48 than managed by the National Park Service and the Fish and Wildlife Service combined. The Forest Service also has an outstanding research and inventory program, and the State and Private Forestry Program has assisted cooperative natural resource conservation for over 60 years.

Yet the President's request calls for gutting many of these cooperative efforts, some of which have been a big part of the Administration's initiatives. For instance, the budget cuts the Cooperative Forest Health Program by 77 percent, which cannot be healthy at all. The Forest Service says that two of its main goals are to protect open space and to provide for recreation but this budget has absolutely no money for acquisition of sensitive lands and it has cut the Forest Legacy Cooperative Land Protection Program by 76 percent. There are also sizable reductions for recreation and the trail budget is whacked by over a third, which I think is a mistake.

I also want to discuss the large backlog in deferred maintenance and especially the sad situation of the extensive road system in disrepair. Last year I sponsored the Legacy Road and Trail Remediation effort to find some of the most urgently needed road and trail projects, especially where there are environmental problems affecting our sensitive watersheds. This budget unfortunately has no funds to continue this necessary effort. This may be a very tough budget year again. But the Congress needs to evaluate these road repair needs while we also work with our Transportation Authorizing Committee to see if some of the extensive gas tax generated by recreational

driving on Forest Service roads can be redirected for this program, where there is such a great need.

I do appreciate the Chief's expertise and concern for our forests, so I want to give you a chance to discuss the budget in an open and fair manner.

Mr. Dicks. Mr. Tiahrt, any opening remarks?

Opening Remarks of Mr. Tiahrt

Mr. Tiahrt. Thank you, Mr. Chairman. Good morning, Chief Kimbell and Lenise. It is nice to see you again.

I plan to be very brief in my opening remarks but let me say that I look forward to working with Chairman Dicks and other members of this subcommittee again this year to address the many diverse challenges facing the Forest Service and other agencies under our jurisdiction.

As the chairman made clear in his opening remarks, this is a tough, unrealistic budget proposal for the U.S. Forest Service. An overall reduction of your budget of nearly \$400 million, or 8 percent, would certainly have a measurable impact on the work you do. But let me emphasize, this is a beginning, not the end of the legislative process. Once again, the Forest Service provides our subcommittee not only a challenging budget circumstance but also a perfect demonstration of the tough choices we must make in the face of very tight budgets. We certainly got a taste of this challenge yesterday with an informative assessment by an impressive lineup of witnesses on the ongoing threat posed by wildfires. I believe it is in all our interests to begin a dialogue on how the Federal government can do a better job of addressing wildfires without decimating non-fire-related programs and undermining the very core essential functions of the Forest Service.

I believe we can do better than this budget suggests. By working together, Chairman Dicks and I are determined to find common ground on this and many other issues. It is in that spirit I look forward to working with the chairman and the members of the subcommittee and with you to make sure we can achieve this goal.

Chief Kimbell, I look forward to discussing your budget in some detail but in the interest of time I will wait until after your remarks for questions.

Thank you, Mr. Chairman.

Mr. Dicks. Thank you.

You may proceed as you wish.

Opening Statement--Chief Kimbell

Ms. Kimbell. Thank you, Mr. Chairman, Mr. Tiahrt. It is a privilege to be here today to discuss the President's budget request for the Forest Service for fiscal year 2009. Each of you has packets, and in your packets, my written testimony. I would be happy to answer any questions you have on that testimony, but to best utilize our time together, I am going to limit my verbal remarks to a couple key remarks that I think are most important to today's hearing. I would like to request my full statement be placed in the record.

Mr. Dicks. Without objection.

Ms. Kimbell. Thank you.

First, I would like to describe the general context that this budget is presented in. I certainly recognize that the Forest Service is just one small part, very important to me, of the federal budget and that our requests have to be balanced against competing interests and needs and opportunities across the government for limited funds. It is clear from the pattern of budget requests and appropriations in the past several years that there are differing priorities between the Administration and the Congress. I am here today to present the President's budget request and explain his rationale.

It is important to explain how we as an agency crafted the budget proposal in front of you now. It is helpful for me to visualize things in a tangible, practical way, so I see our budget as a bucket. A bucket has only a certain size. It only holds so much, and in our case, the size of the budget is decided after the Nation's highest priorities are taken care of, such as supporting the war on terror, strengthening home security, and promoting sustained economic growth. With support of those priorities in mind, the Forest Service bucket is \$4.109 billion in size, about the same size as last year's request and about \$380 million below what was appropriated in 2008.

Our bucket starts a little smaller but it also has to hold some programs that are a little bigger than last year. The fire suppression request is decided by the 10-year average of fire suppression costs, an arrangement agreed to by both the Congress and the Administration. The 10-year average this year is \$994 million, \$250 million higher than it was just two years ago and nearly \$150 million more than the current enacted level. Because fire suppression is the first thing in the bucket, because it is considerably higher than in past years, and because the bucket is only so big, other programs needed to be reduced to make up the difference. Rather than simply ratchet all programs down by a similar percentage to make up that difference, this budget reflects a difficult strategic decision. We are focusing those limited resources on core National Forest System programs since we are the sole landlord for this land. As a consequence, there are significant reductions in the request for State and Private Forestry programs. There are also significant reductions in the National Forest System programs.

In spite of these difficult cuts, I strongly believe that the Forest Service continues to be a good investment for the funds we do receive. In 2007, we received our sixth clean audit opinion in a row. We have reduced indirect costs to less than 10 percent of our total expenses. We have increased partnership contributions to challenge cost-share projects by 35 percent over 2006. We collected over \$700 million in revenue and receipts. Forest Service scientists filed two patents. Thirteen Forest Service scientists were recognized and shared in the Nobel Peace Prize for their work and their contributions in climate change research. We maintained 60,000 miles of road. We maintained 26,000 miles of trail with tremendous help from many partners. We sold 2.5 billion board feet of timber. We reduced hazardous fuels on 3 million acres and we provided fire assistance grants to about 62,000 communities. We protected

over 88,000 acres of forestland from conversion through the Forest Legacy Program, and the list goes on.

We are positioned to make the most of the resources we receive. Our agency is in the midst of a difficult but necessary transformation which will ensure a higher percentage of funds going into project work. We are encouraging our managers to focus on integrating programs and working with partners to achieve multiple objectives and we are proposing innovative ecosystem services demonstration projects that will forge important partnerships with States, local governments, tribes, or nonprofit organizations to restore, enhance, and protect ecosystem function on National Forest System lands. The Forest Service mission is relevant and we have a leading role in issues affecting the Nation and the world. We have dedicated, professional, and very hardworking employees who come to work every day looking for better ways to solve complex problems. I am confident we add value to the resources with the taxpayer funds you invest in us.

Thank you for the opportunity to describe how this budget was formulated and why I am optimistic about our future. I am happy to answer any questions you may have.

[The statement of Abigail Kimbell follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

BUDGET CHALLENGES

Mr. Dicks. The budget is pretty rough on the Forest Service. Let us talk about what you think will be the most challenging cuts to implement. Would it be the huge reduction to your State and private programs, the sizable reductions to the National Forest System operation and land protection accounts, the care for roads, or what? I mean, out in the State of Washington they are writing you letters and to Linda Goodman, who is leaving, that we have a \$300 million backlog in road maintenance in Washington State, just one state, and yet all these budgets have been cut. I mean, how can the Administration justify that with a \$4 billion backlog in road maintenance to just keep slashing these programs that are aimed at fixing these problems?

Ms. Kimbell. Well, with funding fire at the 10-year average level, it creates for us some very difficult choices and you are exactly right in pointing out that there are maintenance needs in the national forests across the country, even including those acres in Alaska. There are tremendous needs across the country. We will be able to maintain some roads in 2009 with this budget.

Mr. Dicks. But your backlog will go up, will it not? I mean, your backlog of maintenance will go up. It will not go down.

Ms. Kimbell. The maintenance needs will likely continue to rise, yes.

LEGACY ROADS AND TRAILS REMEDIATION PROGRAM

Mr. Dicks. You know, we put in last year the Legacy Road

and Trail Remediation Program to try to help you but that is not in the budget for this year.

Ms. Kimbell. As I recall, Chairman, the dollars for that Legacy program came from purchaser elect funds and those dollars are not available in that quantity in fiscal year 2009. However, that has been a tremendous help and we will get a lot of really good work done with that Legacy program.

RECREATION PROGRAM

Mr. Dicks. What about, the request cuts basic recreation management funding by \$26 million, or 10 percent from last year, and cuts trail construction by 49 percent. This is a lot less than the Congress provided in 2002. I understand that one of your own personal agenda items is to encourage kids to get out in the woods, something which I support. Now, are we going to be able to get these kids out in the woods if we keep cutting the money for the trails and for recreation?

Ms. Kimbell. Chairman, access continues to be a very strong, interesting concern not only to us but certainly to the communities and to the individuals who use the national forests. This budget does reflect a higher-level recreation request than in 2008 and it does prioritize the work within that recreation funding to complete the work that we have begun in planning for off-highway vehicle use on National Forest System lands. Through fiscal year 2009, we anticipate being 87 percent complete with the planning for designated routes for off-highway vehicles on National Forest System lands. The emphasis on Kids in the Woods is something that we acknowledge from the very beginning that we will not do alone. We are working with many partners locally, nationally, and some internationally. We are looking at ways to get children connected with nature whether it is in a national forest or in a city park. But there are many, many programs, many partners working in a very similar vein. In some places like outside of Chicago, we are one of 200 partners working on Chicago Wilderness and we are one of many partners working in projects all over the country.

BUDGET CUTS

Mr. Dicks. What will be the result of these cuts? State and Private Forestry is cut \$153 million; Forest Health, \$43 million; Cooperative Fire, \$8 million; Forest Legacy, \$39 million, other Cooperative Forestry, \$61 million. What will be the impact of that?

Ms. Kimbell. The impact of some of those cuts is in recognizing that the Forest Service budget is focused on financing at some level the programs on the national forest and in research. Where there are others who have responsibility for funding programs on State lands and private lands, it shifts that responsibility where the Forest Service has shared in it in such a big way for so long. It shifts to the States and to the private landowners some of the work that we have been doing. This budget focuses on the Forest Service acting as conveners--conveners of technical expertise, conveners of different information--rather than funding projects.

Mr. Dicks. Well, the National Forest System, it gets cut by \$125 million and recreation in the National Forest System by \$25 million, watershed inventory, \$32 million cut, and Wildlife and Fish, \$14 million. What does that mean?

Ms. Kimbell. These are very difficult choices that we had to make in this budget request to be able to fund Fire. There are some of those programs--recreation, forest products, and vegetation and watershed--that are at higher levels in this request than they were in the 2008 request but it does mean having to prioritize the work on national forests to some very specific items and not being able to do all the things that are demanded and asked of us.

FULL-TIME EQUIVALENT REDUCTIONS

Mr. Dicks. Now, you said you like to visualize with your bucket. We look at this a little differently over here. That is the visualization we see, and the last one on the list, I think it is land and water conservation, which is a 97 percent reduction. I mean, it is embarrassing, to me at least, that this budget just cuts, cuts, cuts on these important programs. This comes right out of the President's budget. This is not Norm Dicks making this up. Last year, without Fire, between 2001 and 2007, it was a 35 percent cut, and now you are going to have to cut 2,700 people--full-time equivalents. How are you going to do that?

Ms. Kimbell. Mr. Chairman, I do not expect to need to go through a reduction in force, and just this last year----

Mr. Dicks. Is this attrition? Are people walking out the door because of what is happening or the lack of what is happening?

Ms. Kimbell. If this is the budget that is enacted, we will take advantage of all the attrition opportunities that----

Mr. Dicks. Will you have enough to do 2,700?

Ms. Kimbell. In this last year, we had almost 2,000 people retire or resign, and we had an intake of----

Mr. Dicks. Is this because we have an aging workforce issue too?

Ms. Kimbell. Part of it is an aging workforce, yes. We have over 4,000 people currently eligible to retire. Not everybody retires when they hit their eligibility date, but we have over 4,000 people who are eligible. If this is the budget that is enacted for fiscal year 2009, we will need to take advantage of every cost-saving opportunity, some we have not even thought of yet, and every retirement, every resignation.

BUDGET CHALLENGES

Mr. Dicks. I wish I could say it is not going to be the budget but remember last year, the President insisted--we tried to add money in the House to lessen the impact of these terrible cuts and at the end of the day the President said you have to come down to our level, the level in the President's budget request, for these domestic programs or I will veto the bill. So we had to cut another \$1 billion out of the bill in order to get down to that level, which I certainly did not want to do but we did it because we wanted to get our bill signed.

It is very depressing to me. I just wish that the Administration cared more about these issues. I think protecting our national forests--and I know in our State of Washington where I am very familiar with the Olympic National Forest, Mount Baker, all of these great national forests, they do not have the money for roads, they do not have the money for trails. It is pathetic, and to have OMB and the White House say we are going to just cut, cut, cut in these areas I think shows an insensitivity which is bothersome to me. I am going to yield to Mr. Tiahrt here in just a second. But on the question of suppression, we had a lot of witnesses here yesterday, and suppression is up but preparedness is down. Seventy-seven million dollars. Now, can you do that? I mean, can you cut that by \$77 million, here in the midst of the greatest fires we have ever seen in the history of this country and we are going to cut preparedness by \$77 million?

Ms. Kimbell. I understand you had some----

Mr. Dicks. It is hard to understand.

WILDLAND FIRE MANAGEMENT FUNDING

Ms. Kimbell. It is hard to understand, and I understand you had some excellent discussion yesterday on the fire situation and outlook. With a \$77 million reduction in fire preparedness, it is also recognizing the needed continued flexibility for how suppression dollars interact with preparedness dollars. We have taken many steps in cost-effectiveness and in the way we reposition crews, the way we work with the States, with local fire departments, and the----

Mr. Dicks. But the money for working with the States in the fire area is also cut. How much is it cut? Twenty-three percent? I mean, we are supposed to be working with the States and locals to have them out there working with us and yet we cut the funding by 23 percent. That does not sound like I am working with somebody when I cut the money that we are using by 23 percent.

Ms. Kimbell. Well, it is that money and certainly there are additional monies that the State put to State fire suppression but it will require all of us working together in a very concerted way and taking advantage of every cost saving we can. I think the thought that I would want to leave you with is that for the monies you do give us, we will give you a very good buy.

Mr. Dicks. Okay. Mr. Tiahrt.

FIRE PREPAREDNESS AND SUPPRESSION FUNDING

Mr. Tiahrt. Thank you, Mr. Chairman.

This chart, I do not know if you have ever seen it before. You probably have.

Ms. Kimbell. We call it the Pac Man chart.

Mr. Tiahrt. Yes, 1991, 13 percent of the budget was for fire suppression. In 2009, it is 48 percent. Now, yesterday we talked about, I think in fiscal year 2007 and 2008, we ended up adding through supplementals about \$1.2 billion, \$1.265 billion, if I remember right, for fire suppression. And I know your hands are tied because you have this 10-year moving

average. But the testimony we heard said that we have more risk, because there are more people living deeper in the forest. If you look at the trend line, it is pretty much upward over the last 10 years. So if we use a 10-year moving average and we are on the high-end of the 10 years, we are really five years behind, and last year we were five years behind and the year before that we were five years behind because the trend seems to be going up because of living patterns, people moving out of the cities into the beautiful forests or nearby. So if our first priority becomes suppression and we end up with a pie chart like this, it shortcuts--or shortcuts is not the right word.

Mr. Dicks. Shortchanges.

Mr. Tiahrt. And everything else becomes second priority, and under our current philosophy, maybe that is correct. But should we continue to fund suppression at the expense of the rest of the Forest Service or is there a better way to do it?

Ms. Kimbell. We would be very happy to work with you on looking at some other ways to do it because that is certainly not our intent. It is not the purpose of this budget to even suggest that fire suppression is our highest priority or even the most important thing in our mission. It is not.

Mr. Tiahrt. Well, prevention can avoid the use of suppression dollars so we are putting all our money into the prevention side, expecting that the suppression is not going to be there. That is kind of our logic here. One could draw that from looking at this budget. And I would think or argue that by putting more in the prevention side, we could avoid some of the suppression dollars. But perhaps we should move it into a totally different category and perhaps it should be treated like other natural disasters like hurricanes or earthquakes or in Kansas, tornadoes or ice storms. Would that be an easier thing for you to budget to say okay, we are going to do our prevention work, we are going to maintain regular functions of the trails and the forest, cleaning out the areas that need to be cleaned out and then if there is a need for fire suppression that it comes out of another fund that is like a natural disaster fund?

Ms. Kimbell. It would certainly make a lot of sense for those of our employees who manage the national forests with partners. It would make sense to those partners to have funds that they could depend on, funds that they could look at long-term, that they could put to all the different projects on National Forest System lands, and in Research, and in the State and Private Forestry program areas. The monies that are being focused in our Pac Man chart into Fire do not take into account all the work we do in vegetation management and they are over on the blue side. The work in vegetation management has had a very definite effect on fire behavior and the size of fires. This last summer I was able to visit the Lake Tahoe Basin Management Unit. I was able to visit the San Bernardino. I was able to visit the National Forests of Florida and actually observe how thinning and forest treatment for forest health purposes affected fire behavior, affected the size of the fire, affected the cost of suppression. More of that kind of work is something that is good not only for the fire suppression bottom line but it is very good, of course, for the forests and for

the functioning of forests.

Mr. Tiahrt. From what I drew from yesterday's testimony, mitigation is really minimal. Insurance companies do not feel like they have that much at stake because you all have done a pretty good job of keeping the fires away from most homes. Zoning has not really been effective yet on a large scale, that building standards needs to be changed, that shake roofs in the forests are not a good idea. We have a lot of things that we could do but that is all on the prevention side and coordinating with States and local communities, which I think we really could reduce risks for property loss and for human loss as well. This is not the way that we are structuring our budget. If you just look at the Department of Transportation, every time a bridge collapses, they do not take it out of the budget. We treat it as a natural disaster, like we did in Minnesota. But that is exactly the opposite of the way your budget works.

Ms. Kimbell. Well, I believe the Administration in 2002 made a proposal for a federal disaster fund of around \$5.5 billion. So they made a proposal then; we would be happy to work with the Committee and others on any further proposals.

Mr. Tiahrt. Mr. Chairman, I think we ought to----

Mr. Dicks. Yes, I think we would definitely----

Mr. Tiahrt. Take a look at that and see if we cannot restructure what you do so that you have some stability in your budget instead of going somewhere between 13 and 48 percent of uncertainty and get closer to 100 percent certainty.

Ms. Kimbell. This would be a great thing for all our partners. I was in St. Paul, Minnesota, the day the bridge collapsed this summer and we had just come over the bridge and were meeting some other people. We were on our way to tour the wood energy facility there in St. Paul, which is a pretty fabulous facility. But it was quite an event.

Mr. Tiahrt. I am sure. I am glad you are safe.

Ms. Kimbell. Thank you.

Mr. Tiahrt. Thank you, Mr. Chairman.

Mr. Dicks. Mr. Udall.

FULL-TIME EQUIVALENT REDUCTIONS

Mr. Udall. Thank you, Mr. Chairman, and thank you for your strong statement, Mr. Chairman, on the cuts and the impact it will have on areas I think across the country and western states, intermountain states in particular.

I think there is no doubt that this has a real impact, Chief, in rural areas and in intermountain areas, and one of the things I wanted to ask about, I know the Chairman asked about the loss of FTEs and programs. Which area of the country do you think, which part of the country do you think would be most impacted by the reductions that you are making in this budget that the President has proposed?

Ms. Kimbell. Right now we are involved in what we are calling transformation but it is a very hard look at our Washington office and regional offices and how we provide oversight program leadership and program direction, and we are looking at using newer technologies, using efficiencies, using more modern techniques for information sharing to try to reduce

the costs of overhead and program leadership, program direction. So I would look to have savings at those levels of the organization before we even begin to look at the field organization.

Mr. Udall. The thing that worries me a lot with the forests in New Mexico, especially in northern New Mexico, and I think this is true in many areas, you have the tension between the people that rely on the forest for a livelihood and then the people that live nearby the forest. What I have always thought is that the Forest Service people that are there on the ground end up being the oil that makes everything work, and as I have been here in Congress since 1998 or a little bit thereafter, it seems like we are pulling those people out of being there on the ground and helping talk with people in the communities, hearing the complaints. Do you worry at all about this trend of fewer and fewer people out on the ground in the forests working with local people and dealing with those issues?

Ms. Kimbell. I absolutely worry about it. It has been a longstanding tradition in the Forest Service that our field people be part of communities. Community collaboration is a relatively new term, but it is not a new concept certainly to the way the Forest Service was formed and the way the Forest Service has worked to operate in the last 103 years. So I do absolutely worry about that. As I have visited with district rangers and with forest supervisors and have traveled around to different communities, that is a real key issue for many of our field line officers as to what kind of community presence they can provide, what kind of involvement in the community, and how they can help the communities be active in the management of their public lands, our public lands. So yes, that is a very definite concern to me.

Mr. Udall. And there clearly has been some retrenchment there over time.

Ms. Kimbell. Well, there are a lot of different reasons for folks choosing to stay in a location for a long time but it is our strength and sometimes it comes with some challenges.

VALLES CALDERA NATIONAL PRESERVE

Mr. Udall. Now, one of the areas where we have seen the greatest success in New Mexico with the newly created Valles Caldera National Preserve is getting all the stakeholders together and working with each other on that preserve, and it has really has been a pioneering thing in terms of multiple use of public lands. I mean, we are doing the work to make sure the ecosystems are protected but at the same time we are utilizing the land, and I am wondering whether you could tell us what the thinking is behind absolutely zeroing out the money for the preserve. You know, your Forest Service supervisor sits on the board, the Forest Service has been actively involved, Forest Service scientists have been on the ground, and the Administration has been completely, I think, derelict in terms of supplying money to this, and I am just wondering what your thoughts on that are and why you think it is a good idea to give no money to this project, which will mean that the people will be laid off that are working on the ground, the scientists will be gone, all of that.

Ms. Kimbell. As I look at this budget request and the Valles Caldera specifically, I also note that the Valles Caldera has over \$1.5 million of receipts that they have collected that can be used for the functioning of the staff of the Caldera. It is still a National Forest System unit and the Valles Caldera will compete in the region's re-budget for funding for staffing of the unit.

Mr. Udall. So you will work to see that Region 3 will try to help out in whatever way they can in the coming year?

Ms. Kimbell. As a National Forest System unit, yes, I will look out for Valles Caldera just as I do for all of our units.

Mr. Udall. Thank you, Chief.

Mr. Chairman, thank you.

Mr. Dicks. Mr. Peterson said that Ms. Emerson can go ahead. Ms. Emerson, go ahead.

Ms. Emerson. Thank you, Chairman. I have to run to the Ag committee after we vote.

CELLULOSIC ETHANOL

Welcome, Chief, and thank you very much. I was interested when you said that you were in Minnesota at a wood energy operation, and certainly forest waste is one, if not the most accessible cellulosic material for potential ethanol production, and certainly our forest product industry has infrastructure in place to harvest and collect woody materials. On the other hand, Congress has just in our 2007 energy bill defined advanced biofuels in such a way to exclude cellulosic ethanol produced from wood wastes gathered in our national forests. So my question to you, or a couple of them, number one, what impact would prohibiting the waste wood from our national forests have on the development of the cellulosic ethanol industry in areas near our national forests, and two, do you believe that our national forests can be managed in such a way that allows both for the preservation of the forests and a contribution to our Nation's goal of increased independence from our typical people from whom we import energy?

Ms. Kimbell. Thank you. I know there are a number of people very concerned with the language that appeared there that excluded public lands from consideration and there are a number of folks who have gotten together and suggested that that language needs to be corrected to include public lands. Having that as part of the tool for being able to use different materials from National Forest System lands is very important. It is very important to be able to address this whole issue of hazardous fuels treatment, to be able to have some economic opportunity there for not only the local community. We also need to address the issue so that we are not constantly in this challenge, too, about how to appropriate dollars to conduct an activity on National Forest System lands when there might be some economic turn in all of that to do the same kind of work. So I would very definitely like to see public lands included, and I think there is a fabulous opportunity on the national forests. The Forest Products Lab is doing considerable research--they are in Madison, Wisconsin--on cellulosic ethanol. There has been a lot of work on bioenergy using cellulose, and we are continuing to contribute to the science.

We would like to see the national forests also be able to contribute along with the 400 million acres of privately held forestland to that whole picture.

STEWARDSHIP CONTRACTING

Ms. Emerson. I appreciate that. Thank you very much, Chief. Also, I appreciate the increased budget request for the forest products budget line and although it is a slight increase from what ended up in Omnibus, it still is a significant increase from last year's request. Missouri, you may know, our economy ranks third in the Nation in its dependence on forest products industry. Most of the Mark Twain National Forest is in my district, and so I think it is a step in the right direction budget-wise. One of the tools that you all have developed to manage forests in collaboration with local communities are these stewardship contracts, and I think they make-up, about 15 percent of the Timber Sale Program. What role do you see these types of tools playing in the future? Are stewardship contracts utilized in all areas of the country? And if that is not the case, certainly we would like you all to consider implementing such an opportunity in Missouri.

Ms. Kimbell. I actually traveled to the Mark Twain this summer and spent a day and a half on the Mark Twain and it is certainly beautiful country.

Ms. Emerson. It is, is it not?

Ms. Kimbell. Yes, yes. With the stewardship contracts that the Forest Service has implemented, there have been 121 contracts that were active in fiscal year 2007. We would like to see that increase. No, it is not evenly distributed across the country. There are people who have been witnessing some great successes in communities. There have been community people and my own people who have been watching those successes who are starting to build that kind of support for stewardship contracts locally. So it is a fabulous authority, it is a great tool and I see it increasing steadily.

Ms. Emerson. Do our foresters actually have to get with Washington to make decisions as to whether or not they are going to enter into those or what is the process by which these decisions can be made?

Ms. Kimbell. We do have levels of approval for different kinds of contracts but we do not turn them down. We just want to make sure that we are working with the local staffs to ensure they have all the resources they need to be able to put that together.

Ms. Emerson. I appreciate that. Thank you.

Thank you, Mr. Chairman, and thanks to my buddy, Mr. Peterson, for letting me go first.

Mr. Dicks. Mr. Peterson.

FIRE FUNDING TRANSFERS FROM OTHER ACCOUNTS

Mr. Peterson. Good morning.

Ms. Kimbell. Good morning.

Mr. Peterson. Welcome to the Committee, and I want to welcome you back today, and I will ask you in a minute about another project I would like you to come and look at.

Ms. Kimbell. Okay. Good.

Mr. Peterson. But is your chief financial person here?

Ms. Kimbell. My budget director is here, Lenise Lago.

Mr. Peterson. That is who I thought she was. How do you manage this? I mean, I cannot tell you the times of the few projects I am involved in in your whole system, well, we cannot do that this year or that is on hold for six months, that money has been borrowed to fight fires. Has anybody done a study of what it costs in project escalation costs and in starting and stopping projects and managing by crisis? I mean, you cannot keep your mind on the goal when you are constantly looking whose money you can borrow or hold or what project you can hold up to fight fires. I mean, it is insanity as far as what position we have put you in.

Ms. Kimbell. I think many of my district rangers would agree with you, it is insanity. Yet, it is the system that we have to work with. The dollars that were borrowed from different accounts last year, have all been repaid and yet there is----

Mr. Dicks. That is because we gave you some emergency money.

Ms. Kimbell. Exactly. That is because you gave us some emergency money, and I thank you again because that has been a tremendous help, and still there is this whole issue of lost opportunity costs or----

Mr. Dicks. If the gentleman would yield just briefly?

Mr. Peterson. Surely.

Mr. Dicks. How much did you borrow and how much was repaid? I mean, how did that work?

Ms. Kimbell. Last year, fiscal year 2007, we borrowed \$100 million and it has all been repaid. Overall, with the borrowing that we have done in this decade, we are behind about \$500 million, and a large chunk of that is in our National Forest System programs, \$100 million out of the \$500 million.

Mr. Dicks. National Forest System?

Ms. Kimbell. The National----

Mr. Dicks. For the record, what did you put in? Break that \$500 million down.

Ms. Kimbell. We can do that, absolutely.

[The information follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Dicks. Mr. Peterson.

Mr. Peterson. I guess I would hope this Congress would--I think I raised this issue last year. I guess you talked about a lot before I got here. You are the forest fire fighter of the country and that is an unknown every year and to have that come out of your budget, some of it permanently, some of it infinitely. I mean, if you were a company we would force you into bankruptcy but that costs money.

WORKFORCE MOBILITY

Another quick question. I guess one of the things from observation after 12 years is your system of moving people

around. I guess that is how they climb the ladder, but I do find it troublesome that I keep having--I mean, I get comfortable with somebody who I really think has done a good job in the district office and the local office and then boom, we notice they are gone and another person is coming in. I mean, I do not think they should be lifetime jobs but 1-, 2- and 3-year appointments, I mean, a region, they just get to know a forest, they just get to know a region, they just get to know a district, a multi-state district, and they are gone. I mean, I find that troublesome--if that is how they climb the ladder, we need to change the system so they can be rewarded financially by staying someplace and understanding it and managing it.

Ms. Kimbell. I hated to lose Kathleen Morris from the Allegheny National Forest as well. Leann will be a fabulous forest supervisor. She has certainly proved herself in Michigan. This kind of ties back to the Chairman's question about the number of folks eligible to retire because many of those folks are in key leadership positions. I myself came in towards the end of the Vietnam War, essentially to replace the great big wave of retirements of World War II retirees, and there is a whole slug of us, 4,000 of us, that are eligible to retire at all different levels of the organization. But, we do have a need to be able to move people into key leadership positions, and Kathleen was great there on the Allegheny and she is somebody whose name I want to see in lights.

Mr. Peterson. Now, this is the third one that we will have in a very short period of time, and we lost the district manager at the same time, who I felt was pretty capable. So I guess I find it frustrating. And being in the East, we are a whole different forest, and most of your people understand the Western softwood forest, they come and try to learn about the hardwood forest in the East, so we keep getting Westerners who do not understand the Eastern forests and they come and they learn and then they go, and I find it troubling. I think somewhere in your system we need to change something, especially in the East where we do not have as many forests, and when people learn the Eastern forest that they are able to stay there a while to be productive. I mean, that is my opinion.

Ms. Kimbell. Well, we do have people that move back and forth across the country. Paul Brewster, who was just on the Green Mountain National Forest, just moved to Alaska but he grew up in Massachusetts. I myself went to school in Vermont and I worked all over the West and it was a real treat to be on the Allegheny looking at black cherry.

BIOMASS UTILIZATION PROJECTS

Mr. Peterson. You helped fund a project last year, I think it was a \$200,000 or \$300 wood waste project, and I am proud to say the company, and I have been amazed, I did not know much about them a couple years ago until this project came up and I have gotten to know them since. They have been in business for a while and they are building projects all over the country. But we just had the groundbreaking Monday at St. Mary's Hospital. That hospital, using just green sawdust and chips,

cardboard and paper, they are cutting their energy costs of their whole system, hospital, nursing home, personal care facility, and a new addition they are going to build, by 75 percent. It is a very unique burn system, and this company has not only developed a ceramic burn system that burns 90 percent efficient, very low air emissions and very clean-burning. They build the entire assembly system, the storage systems, the waste--the problem with burning waste is handling it. You back in trailers and just blow them into the big cylinder and it is all automatic. For every three tractor-trailer loads, you get a half a garbage can of ash. That is how clean it burns, I forget, 1,600, 1,700 degrees, really hot burning, and it is a very unique burn system and it could be very applicable all over the country. I would like to have you come and see it, and thank you for that little initiative grant.

Ms. Kimbell. I would love to come and see it, and I believe this is an extension of our Fuels for Schools Program, and there is an added benefit in that the students or community gets an understanding, too, of how wood is such a valuable asset and living in the middle of a forest, unfortunately many people do not understand just how valuable that asset is.

Mr. Peterson. But I think the clean green part of it, this is a unique burning system.

Ms. Kimbell. I would love to see it.

Mr. Peterson. It burns cleanly and it can burn a lot of things. They just actually were doing a test of burning animal waste at the Pittsburgh Zoo in this burn system. So I mean, they are doing projects all over the country. So I would like to have you come up and see that. Thanks again for the grant, and take a look at how people climb the ladder.

Ms. Kimbell. Okay. Point well made.

Mr. Peterson. They do not have to move all the time. It is good when people get a little familiarity. I am not saying it should be a lifetime. But I think a decade is a nice time to spend in an area, not one and a half years or two years. Thanks.

LARGE FIRE TRENDS

Mr. Dicks. Let me ask you this. I do not know if you have seen this chart, Forest Service large-fire trends, 1970 to 2007. You see that these fires are not only getting bigger but there are more of them.

Ms. Kimbell. Yes.

Mr. Dicks. And what do you think the reason for that is?

Ms. Kimbell. Well, a couple of different things; as to the getting bigger, just four or five years ago we would only have one, two, three fires that would be over \$10 million in Federal firefighting costs. Now it is typical--well, this last year we had 26, 27 that were over \$10 million. That is an incredible increase. I think part of it is that there are real changes in the vegetation. We have had extended drought across the West and across the South, maybe until this current rain, but we have had quite a bit of fire in Virginia, North Carolina, Georgia, Florida. We have had a lot of fire already this year, January and February. The fires are burning bigger, they are burning hotter, so that is one part, real changes in the

vegetation that are carrying bigger, hotter fires. At the same time, we also have millions of homes being constructed into the forest, into the wildland-urban interface and it has really changed the way we fight fire in that there is more point protection going on to be able to protect communities versus perimeter control. Now, that is a double-edged sword in that these fires that we are experiencing right now, you could not put a crew on so many of them for perimeter control because of the nature of the fire itself and we put a lot of our effort at point control to keep fires out of communities.

Mr. Dicks. Mr. Calvert.

BARK BEETLE CONTROL

Mr. Calvert. Thank you, Mr. Chairman, and I apologize, I was absent for a while so I do not know if someone may have asked this question. But as you know, in California and throughout the West we are having a significant problem with the bark beetle, and based on your budget, I do not know what you are going to do in a proactive fashion to try to find ways to remove that pest or to remove dead trees. I know in San Bernardino National Forest, especially around Idlewild and Lake Arrowhead, if in fact we had not removed those dead trees, probably those two communities would not exist today. I think that is an example of proactive interference in an area where you have this interface between development and the forest. So based upon this budget that has been proposed, what can you do in order to continue that proactive involvement to make sure that we do not have significant problems in the future?

Ms. Kimbell. Well, we do have a 10-year strategy in place to look at where to treat to be most effective in protecting the communities, given the insect activity, the changes in vegetation. We are looking at that very much in California. I got to witness some of that during the fires this October on the San Bernardino to look at the treatments from the previous years and how those really have changed the fire behavior and protected so much of the community up there on the mountaintop. We recognize that the restoration of forest health with the bark beetle epidemics in the West, in the South, up along the Canadian border is going to take decades worth of work and we will prioritize the dollars in this budget to the most important parts, again looking at community protection, watershed protection, and communities that have constructed community wildfire protection plans.

Mr. Calvert. Just to continue on what Mr. Tiahrt was saying earlier about how your budgeting works, it seems to me--I am new to this committee. As the Chairman knows, I am the newest guy on the block here so if I ask a stupid question----

Mr. Dicks. No such thing.

Mr. Calvert [continuing]. Please let me know, Mr. Chairman. But as a former businessman in running a restaurant, it seemed to me you always need to have certainty and planning as you move from one year to the next to know, you know, the number of employees you are going to have, you know, what kind of inventory, just day-to-day business planning, and I know Mr. Tiahrt is in business also. Looking at your budget, I do not understand how you do planning for the next year, the year

after or five years from now if you do not have any certainty in this process. So what I think both the Chairman and Mr. Tiahrt were saying, we have to find a way that you have a base budgeting process that you can count on so you can develop a good business plan and these tragedies that happen, fires, are handled off the books so you have to figure out a way to handle that separately. I think some thought needs to go into that because the way this budgeting process works now--for instance, this bark beetle problem, we all know that an ounce of prevention is much better than coming back after the fact and spending a lot of money trying to rehabilitate a community that is destroyed. So thank you, Mr. Chairman, for giving me the time.

SUPPRESSION COST APPORTIONMENT AGREEMENTS

Mr. Dicks. Well, you know, the National Association of State Foresters sent us an issue paper and one of the things they mentioned in their paper is partitioning the wildfire suppression budget to provide a new financial mechanism that must be closely tied to cost containment management controls. This partition should be based on the true cost driver of suppression expenditures, large fires. The fact is that only 2 percent of the wildfires burn 90 percent of all burned acres, consuming 85 percent of total suppression costs. These 2 percent of fires are truly above and beyond normal budgeting processes and should be partitioned into a flexible suppression spending account accessible only if certain cost containment measures are undertaken and normal suppression appropriated dollars had been expended. What do you think of that?

Ms. Kimbell. Well, I think there is a lot of merit there. Of course, there is always the challenge on where the dollars come from that would go into such a fund but we would be happy to work with you on that, and we have certainly been in discussion with the National Association of State Foresters as well. We have been partners with the State foresters since our inception, since the State foresters were established, and----

Mr. Dicks. They are not thrilled about your budget this year in terms of cutting the funding that goes for this cooperation. Should we not be trying to get them to have more equipment out in more places so that you can stop these big fires before they really get rolling?

Ms. Kimbell. Well, right along with that is the whole business of roles and responsibilities, of who has the role, the responsibility for what kinds of fire protection. That is something that certainly OIG and GAO have taken an interest in and OMB has taken an interest in it. I know it is a discussion that we are having as we are rebuilding our memorandums of agreement with the States and we----

Mr. Dicks. They mentioned yesterday, the State forester from Arizona, that these are wildfires starting on Federal lands----

Ms. Kimbell. I understand he mentioned that.

Mr. Dicks [continuing]. And should be the Federal government taking care of their fires, not saying States take care of it or somebody else take care of it.

Ms. Kimbell. Well, I would hate to start comparing acres

but the Zaka fire in California did not start on National Forest System land but it certainly burned a great deal of the national forest there, and----

Mr. Dicks. How do you reach these agreements? I mean, how do you negotiate something like this?

Ms. Kimbell. During the preseason, we sit down with the staff from the State and there is a template for it, but we work through an agreement as to who is going to cover what kind of cost. We have agreements in different States where the States will actually provide fire protection on national forest and the Forest Service will provide protection on other lands.

Mr. Dicks. So is it forest by forest or State by State by State or----

Ms. Kimbell. Normally State by State.

Mr. Dicks. State by State.

Ms. Kimbell. And looking for efficiency opportunities. If somebody has a fire crew in one community and somebody has one in another community, then they will look to provide initial attack on each other's lands to be able to get it early.

Mr. Dicks. Do you think we are picking up too much of the tab on this?

Ms. Kimbell. I think there is a lot to be sorted out there, that there was quite some question last year about things like structure protection. Mr. Tiahrt mentioned insurance. There were some communities where the insurers were in those communities foaming houses, wrapping houses. There were other communities that did not get that kind of support from insurance companies. I think there is a lot to be sorted out there.

Mr. Dicks. How do you do that? Is this a responsibility of yourself as chief to go out and try to work these things out with these local people?

Ms. Kimbell. Certainly with the Forest Service, we have a responsibility. So do the State foresters, so does the Bureau of Land Management.

INSURANCE COMPANIES

Mr. Dicks. But we all point the finger that somebody else is responsible. I mean, you are saying you get these agreements. There is a way to engage the insurance companies. Have you ever convened a meeting in your office in Washington, D.C., and brought in all these insurance company executives and talked to them about this?

Ms. Kimbell. I have not personally engaged them.

Mr. Dicks. Has anybody in the Forest Service ever done that?

Ms. Kimbell. I do not know. I will get back to you.

[The information follows:]

Mr. Dicks asked Chief Kimbell for information on any meetings with insurance companies related to wildland fire costs.

In August 2007, the Forest Service, Department of the Interior, and the National Association of State Foresters began informal dialogue with representatives of one insurance company and several insurance associations.

During its October 2007 meeting, the Wildland Fire Leadership

Council (WFLC) met with representatives of the insurance company and one insurance association. Several key points came out of that meeting, including:

<bullet> Partnerships between public and private entities are critical to solving property losses from wildlife.

<bullet> Homeowner's insurance premiums are regulated at the State level. Therefore, homeowner incentives based on rate savings are an unlikely solution to promote wildlife mitigation efforts on private property.

<bullet> Anti-trust regulations significantly restrict insurance companies' ability to meet or collaborate with one another. These regulations also apply to meetings with Federal agencies, and strictly prohibit discussions about insurance rates.

<bullet> Representatives from WFLC and the insurance entities that attended the October meeting agreed to work together to explore partnership opportunities for a public education campaign promoting best practices for homeowners to defend their lives and property from risks associated with wildlife.

Mr. Dicks. Would it not be a good idea?

Ms. Kimbell. Yes.

Mr. Dicks. If there are some of them that are doing it, you might explain to the other guys, do you not think this is a good idea. Maybe you can get some help from these people.

Ms. Kimbell. I know as a forest supervisor, I did that locally in the community.

Mr. Dicks. Good. Well, now you are the chief.

Ms. Kimbell. Yes, I am.

Mr. Dicks. Mr. Tiahrt, do you have any----

AIRCRAFT USE ON FIRES

Mr. Tiahrt. Just one more. We talked a little bit about the role of the military in fighting fires, and with a suppressed budget like this, I do not know that we will have the opportunity to look at those vehicles that were very beneficial in fighting fires, and particularly UAVs. When the other planes could not get out, these UAVs were able to fly through the smoke, get the hot spots, were able to redirect some firefighters and made a big difference in fighting those fires. However we sort out the bookwork on this, and I think we need to change what we are doing today. We need to look at how we are going to handle support from aircrafts because they are a great addition to the people on the ground with the shovels by knowing where to go and when with this kind of hardware. So I hope we get a chance to sometime go into a little more.

I guess that is probably all. Thank you, Mr. Chairman.

Mr. Dicks. Any other questions? Well, the Committee will stand adjourned, and thank you for your very good testimony, and we wish your cup was more than half-full.

Ms. Kimbell. So do I.

Mr. Dicks. Thank you.

Ms. Kimbell. Thank you, Mr. Chairman.

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Tuesday, April 1, 2008.

NATIONAL ENDOWMENT FOR THE ARTS AND ARTS ADVOCACY DAY

WITNESSES

DANA GIOIA, CHAIRMAN, NATIONAL ENDOWMENT FOR THE ARTS
ROBERT REDFORD, ACADEMY AWARD-WINNING DIRECTOR, ACTOR, PRODUCER,
ACTIVIST
JOHN LEGEND, FIVE-TIME GRAMMY AWARD-WINNING R&B SINGER, SONGWRITER AND
PIANIST
KERRY WASHINGTON, STAGE, TELEVISION, AND SCREEN ACTRESS
JONATHAN SPECTOR, CEO, THE CONFERENCE BOARD
MUFU HANNEMANN, MAYOR, HONOLULU, HAWAII
ROBERT L. LYNCH, PRESIDENT AND CEO, AMERICANS FOR THE ARTS

Mr. Dicks. The Committee will come to order.

The Subcommittee has a busy agenda this morning. We will first hear from the Chairman, our good friend, of the National Endowment for the Arts, Dana Gioia, who has the unenviable job of trying to defend a very inadequate budget request for the agency from President Bush.

This portion of the agenda is scheduled to last until 10:40. At that time, we will adjourn the NEA budget hearing in order to hear from a panel of experts organized by Americans for the Arts on the value of Federal support for the arts and arts education.

We will also hear from the co-chairs of the National Arts Caucus, the honorable Louise Slaughter from New York and Chris Shays from Connecticut.

Because of this busy schedule, I do not have a long statement. I do, however, want to welcome Chairman Dana Gioia back for what I believe is his sixth appearance before the Subcommittee as Chairman of the National Endowment for the Arts.

NEA LEADERSHIP

On the positive side, I want to thank him for the quality of his leadership and for the richness and effectiveness of the Endowment's programming initiatives during his tenure. These new programming initiatives have not only been produced to a very high standard of excellence, but they have taken to every corner of this country. This includes small towns and military bases which had never previously benefited from national programming of this caliber. To put it simply, because of Dana's leadership, virtually every corner of America has been exposed to a richer cultural experience than it would have been without the NEA.

Unfortunately, however, the opportunity today to review these new programs and to learn more about the exciting opportunities to further broaden the reach of the NEA is compromised by the need to address what I believe is a wholly inadequate and irrational budget request for 2009 for the Endowment.

PRESIDENT'S REQUEST

I would be remiss in these opening remarks if I did not express my dismay with the \$16 million, 12 percent, reduction in funding for the NEA for 2009 proposed by the President. I am dismayed partially because the 2008 increase of \$20 million is essentially identical to the increase which President Bush unsuccessfully lobbied for 3 years ago. I can't understand why the President and OMB have now chosen to completely eliminate this hard-fought increase which they supported a few years ago.

While I am unhappy with the President and with OMB, I am reasonably sure that this is not the budget which Chairman Gioia requested from OMB last fall. And we will look forward to working with him as the budget year unfolds to improve the outlook for arts funding for next year.

And I now turn to Mr. Tiahrt for his opening statement.

Mr. Tiahrt. Thank you, Mr. Chairman.

Good morning, Chairman Gioia. We look forward to learning more about your fiscal 2009 budget request as well as the important work that the NEA is undertaking across the Nation.

As you know, the NEA's budget received a healthy increase last year as a result of our Subcommittee's work. This is largely a reflection of the confidence that we have in you and your leadership.

NEW DIRECTION OF AGENCY

Chairman Gioia, there has been a sea change in the direction of the NEA under your stewardship. You have literally transformed the NEA over the time that I have been in Congress. I want to compliment you and your staff for promoting the arts for all Americans and for bringing the American people bigger, bolder ideas that are reaching a far greater cross-section of our country than ever before.

This effort is reflected in the fact that the Arts Endowment now awards at least one direct grant annually in each and every congressional district. That is quite an achievement.

OPERATION HOMECOMING

I had the privilege of participating in an extraordinary event in March of last year, the premiere of ``Muse of Fire,'` a documentary inspired by the literary effort, Operation Homecoming. For those of you who are not aware of this incredible real-time accounting of the sacrifices of many of our brave men and women who serve our country in uniform, it is a touching, humbling and emotional presentation, and certainly one of the NEA's finest collaborations.

I was especially proud to have you join me and Vicki, my wife, and some of our constituents for the screening of ``Muse of Fire'` at the Warren Theatre in Wichita last November. Vicki is going to join us later today. She is currently hung up in traffic. And I want to assure you that it has absolutely nothing to do with Robert Redford being here this morning.

Thank you for your fine work. I look forward to your testimony.

Thank you, Mr. Chairman.

Mr. Dicks. Mr. Gioia, you can proceed as you wish. And we

will put your entire statement in the record. And you may proceed.

Mr. Gioia. Okay. Thank you, Mr. Chairman and distinguished members of the Subcommittee.

THE BIG READ

With your permission, I would like to begin with a short clip from a film which the NEA has just produced for American high school students as part of The Big Read program. This is a message from a distinguished American author which I think summarizes the spirit of the NEA.

[Video shown.]

Mr. Gioia. One of the things that Ray Bradbury points out as the film continues are these things that he was first introduced to as a child or as an adolescent helped shape his life, helped in his success.

HIGH SCHOOL POETRY RECITATION CONTEST

In this spirit, I would like to actually call a second artistic testifier today, a young lady named Olivia Seward. She's 15 years old. She is a sophomore honors student at the Stadium High School in Tacoma, Washington. Last year, as a high school freshman, she won the 2007 Washington State Poetry Out Loud recitation contest sponsored by the Washington State Arts Commission, the National Endowment for the Arts and the Poetry Foundation. And I would like Olivia Seward, who tomorrow will celebrate her 16th birthday, to recite two of the poems by which she won the Washington State finals.

May I introduce Olivia Seward.

[Applause.]

First, in the spirit of the union between politics and the art, her first one will be ``When I Was Fair and Young'' by Queen Elizabeth I, and the second, ``Eros Turannos'' by Edwin Arlington Robinson.

Ms. Seward. Good morning, Congressmen and distinguished guests.

``When I was fair and young then favor graced me; of many was I sought their mistress for to be. But I did scorn them all and answered them therefore, go, go, go, seek some otherwhere, importune me no more.

``How many weeping eyes I made to pine in woe; how many sighing hearts I have no skill to show. Yet I the prouder grew, and answered them therefore, go, go, go, seek some otherwhere, importune me no more.

``Then spake fair Venus' son, that proud victorious boy, and said, you dainty dame, since that you be so coy, I will so pluck your plumes that you shall say no more, go, go, go, seek some otherwhere, importune me no more.

``When he had spake these words such change grew in my breast that neither night nor day I could take any rest. Then, lo, I did repent, that I had said before, go, go, go, seek some otherwhere, importune me no more.''

[Applause.]

Thank you.

My second one will be ``Eros Turannos'' by Edwin Robinson.

``She fears him, and will always ask what fated her to choose him. She meets in his engaging mask all reasons to refuse him. But what she meets and what she fears are less than are the downward years drawn slowly to the foamless weirs of age, were she to lose him.

``Between a blurred sagacity that once had power to sound him, and love, that will not let him be the Judas that she found him, her pride assuages her almost, as if it were alone the cost. He sees that he will not be lost, and waits and looks around him.

``A sense of ocean and old trees envelops and allures him; tradition, touching all he sees, beguiles and reassures him; and all her doubts of what he says are dimmed with what she knows of days, till even prejudice delays, and fades, and she secures him.

``The falling leaf inaugurates the reign of her confusion; the pounding wave reverberates the dirge of her illusion; and home, where passion lived and died, becomes a place where she can hide, while all the town and harbor side vibrate with her seclusion.

``We tell you, tapping on our brows, the story as it should be, as if the story of a house were told, or ever could be; we'll have no kindly veil between her visions and those we have seen, as if we guessed what hers have been, or what they are or would be.

``Meanwhile, we do no harm; for they that with a god have striven, not hearing much of what we say, take what the god has given; though like waves breaking it may be, or like a changed familiar tree, or like a stairway to the sea where down the blind are driven.''

[Applause.]

Mr. Gioia. I wanted to have Mr. Bradbury and Ms. Seward be part of the testimony because I think, in the case of art, unless you see it and experience it, it is hard to convey in official prose.

Following these acts, I would like to proceed with a few comments drawn from my testimony before we open up to questions.

IMPACT OF NEA PROGRAMS

As I begin my sixth year as Chairman of the National Endowment for the Arts, I am proud to report that the agency is operating with high artistic standards, inclusive partnerships, improved efficiency and unprecedented democratic reach.

The fiscal year 2008 budget has allowed the agency to continue to build on the progress of recent years and reach millions more with our programs and services. The Arts Endowment has firmly regained its position as a national leader in arts and arts education.

The Arts Endowment programs now reach into every corner of the Nation, bringing the best of arts and arts education to the broadest and most varied audience possible. While maintaining the highest artistic and educational standards, the agency has effectively democratized its programs while also keeping them relevant to the needs of diverse communities.

This expanded reach has been made possible by the national

initiatives such as Shakespeare in American Communities, American Masterpieces, The Big Read, Poetry Out Loud, NEA Jazz in the Schools, and Operation Homecoming that, together, reach thousands of communities, classrooms and military bases, collectively serving many millions of Americans.

The NEA grants are producing economic benefits throughout the country by nurturing local arts groups and enhancing local economies. With each dollar awarded by the NEA, we generate an additional \$6 to \$7 from other sources. The NEA is triggering, therefore, an investment of approximately \$600 million to \$700 million for the arts from private donors and non-Federal sources.

GEOGRAPHIC REACH

The creation of Challenge America in 2001 marked a turning point in the NEA's history. This program was a request from Congress that our programs reach more broadly into this country. This program quickly broadened the geographic distribution of grants, but it did not fully realize its goals of reaching the entire Nation. In an average year, direct grants reached only about three-quarters of the United States, as measured in congressional districts. Consequently, areas of the Nation, representing more than 70 million Americans, received limited aid from the agency.

Five years ago, we set the goal of awarding at least one direct grant to deserving arts organizations in every congressional district of the United States. In 2005, 2006 and again in 2007, the NEA realized 100 percent coverage, with direct grants in all 435 districts. In 2008, NEA will again achieve, for the fifth time, 100 percent coverage.

I would like to show you a few charts to show you how much this has changed NEA's reach of the United States.

This is a chart which shows the National Endowment for the Arts--and I do believe you have copies in your materials here.

In 2002, despite Challenge America, which was an enormous breakthrough for us, only 21 of the 50 States received at least one direct grant in every district. There were 98 districts that did not receive any direct support from the NEA. By 2008--and this has really been true for the last 5 years--every State is now covered, every district is now covered.

But this only tells about half of the story. If we go to the final chart, you will see that, in addition to a direct grant, every State has been reached with multiple national initiatives, which include American Masterpieces, NEA Jazz Masters, Jazz in the Schools, Poetry Out Loud, Shakespeare in American Communities, and The Big Read.

To illustrate this, really only from Shakespeare in American Communities, as we enter our fifth year with Shakespeare in American Communities, we have reached 2,300 different municipalities, mostly small and middle-sized, across all 50 States, including military bases. We have had 2,000 actors performing for 1.2 million students, and we have reached 3,600 middle and high schools. Our materials are being used by 20 million students in every district in the United States.

This shows you how, by taking both our direct grant programs and our national initiatives, we have achieved

unprecedented coverage of every part of the United States.

I would like to make a few more comments on other programs before I end my remarks.

DECLINE IN READING

Last November, the NEA followed its widely discussed 2004 report, ``Reading at Risk,`` with a comprehensive new study, ``To Read or Not to Read: A Question of National Consequence.`` This new report gathered governmental and private-sector studies on reading.

The data in ``To Read or Not to Read`` paints a simple, sad and consistent portrait of reading in America today: Americans, especially teenagers and young adults, are reading less. Therefore, they read less well. And this has measurable negative impact on their educational, economic, personal and civic lives and, therefore, on the Nation's future.

THE BIG READ

Challenged to stem this decline in reading, the NEA has expanded the literary component of American Masterpieces, called Big Read. In 2008, The Big Read will provide grants to cities, large and small, across all 50 States. The goal is to reach a total of 400 cities, touching every U.S. congressional district with a program. Widely covered in the press, The Big Read has become a national symbol on the importance of reading in a free society.

OPERATION HOMECOMING

Finally, I would like to update you on Operation Homecoming. The NEA concluded the first phase of its historic Operation Homecoming program last year. Supported by the Boeing Company, the program brought 55 writing workshops to U.S. military bases in five countries, involving 6,000 troops and their spouses. The program climaxed in the publication of wartime writing by U.S. Troops in *The New Yorker*, a volume by Random House, as well as a production of two films, one of which became a 2008 Academy Award finalist for the best full-length documentary.

The program was so meaningful to U.S. Troops that we have now initiated a second phase, focusing on servicemen and servicewomen most deeply affected by the war. Phase two of Operation Homecoming will sponsor extended writing workshops led by noted American authors in 25 Veterans Administration and Department of Defense medical facilities as well as VA centers across the Nation.

As we look into the future, at least two major challenges face the NEA and the citizens it serves.

ARTS EDUCATION IN U.S.

The first is the diminished state of arts education in the Nation's schools. There is now an entire generation of young Americans who have not had the arts play a significant role in their intellectual and personal development. This trend is not

merely a cultural matter, but a social and economic one. As these young men and women enter the new global economy of the 21st century, many of them will not have had the opportunities to develop the skills, innovation and creativity they need to succeed.

American schools need help to better realize the full human potential of their students. While we are proud of our current arts education program, we are also deeply conscious of the millions of students, especially in the earlier grades, whom we do not reach at all.

INTERNATIONAL CULTURAL PROGRAMS

The second challenge speaks to an even broader issue, namely America's place in the world. The United States needs to expand its cultural exchanges with other nations. This investment in cultural diplomacy would not only benefit American artists by providing them with greater opportunities but, more important, it would help the Nation itself effectively communicate with the rest of the world in ways that transcend political and economic issues.

The arts have the potential to represent the best aspects of a free and diverse democracy in a way that speaks to the hearts and minds of people everywhere. It would be an enormous missed opportunity for the United States if we did not use the creativity of our own people to address the rest of the world.

As we contemplate the future of the National Endowment for the Arts, we remain confident in the continuing relevance of our mission: to bring the best of the arts, new and established, to all Americans. The Arts Endowment goal is to enrich the civic life of the Nation by making the fruits of creativity truly available throughout the United States. In a dynamic Nation with a growing and diverse population, this goal will remain a constant challenge, but a great Nation deserves great art.

Thank you.

[The statement of Dana Gioia follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Dicks. Mr. Gioia, I want to just say I really do believe you are doing an outstanding job, and I think these are tremendous programs.

And I guess the thing that I am most concerned about is that, last year, Congress tried to help here by adding \$20 million to the budget, but we find this year that that money has been taken out of the President's 2009 budget.

Can you explain this decision?

NEA LEADERSHIP

Mr. Gioia. We are grateful for the budget increase that Congress gave in 2008, and I believe that we put it to good use. I support the President's 2009 budget, but I also took an oath to support and defend the Constitution of the United States, which says the budget process begins in the House of

Representatives, and which is the purpose of this meeting today.

Mr. Dicks. That is the right answer. I am glad you remember that.

Mr. Chandler. That is the only one he had.

Mr. Dicks. And, as you said, there is no evidence that the funding has been in any way misspent, or there is no real reason I think, other than just for budgetary reasons, to try to reduce domestic discretionary spending, that this was cut. I don't think this was because the agency wasn't using the money effectively. I think you can say that for certain.

Mr. Gioia. We are very confident that we have the approval, in terms of our programs, both of Congress and the White House.

REACHING UNDERSERVED COMMUNITIES

Mr. Dicks. The other thing I would say, we talk about having a program in every single congressional district, and I think that is fine. But I wouldn't want to have one if there wasn't something worth funding. In other words, I don't think we should just automatically do that. I think by being in every State and most of the congressional districts, that would satisfy me at least. I think the goal is a good goal, but I wouldn't hold yourself to that if there wasn't something that you could fund that was meaningful and appropriate.

Mr. Gioia. The challenge that we gave our directors--and I want to compliment the superb work that the discipline directors of the NEA have been doing over the last 5 years--was to find a program, at least one program in every district of the United States which we could enthusiastically support, so that we would increase the democratization of the agency without in any sense dropping our standards.

I lived in New York 20 years, and I have the greatest appreciation of the quality of arts programs in New York or Los Angeles, my hometown, or the San Francisco Bay area where I also have a home in California. But I have also lived in other parts of the country and I have traveled virtually every week for the last 6 years, and I am continually impressed by the quality of arts organizations across the United States.

It is inconceivable to me that we can take any area of the United States which has three-quarters of a million people--which is to say, a congressional district--and not find at least one group of the highest quality that is worth supporting.

In fact, my problem is just the opposite. When we go to a town that we've never been to before--we meet the local arts organizations, we visit the museums, attend programs--we are impressed by the multiplicity of programs that deserve Federal support. So really, our problem is to pick the best out of many worthy applicants, versus the opposite.

Mr. Dicks. It sounds to me like you need a little more money in order to be able to more fully meet your responsibilities.

Mr. Gioia. I can't imagine that there is any agency head in Washington who sees the opportunities which each service has that does not feel they could make wise investments with more funds. And I certainly do believe that this is the case with

the Arts Endowment.

Mr. Dicks. Mr. Tiahrt.

Mr. Tiahrt. Thank you, Mr. Chairman.

DECLINE IN READING

Mr. Gioia, you noted the ``To Read or Not To Read: A Question of National Consequence'' study that you have done in the NEA that details the disconcerting decline in voluntary reading in the United States.

If this analysis is accurate, what conclusions can you draw from the potential short-term and long-term implications to our society from this study?

Mr. Gioia. The ``To Read or Not to Read'' is a very sobering study. I mean, I think we have created a situation in the United States where there is so much entertainment media, so many distractions, that we have a generation of kids that are losing their ability to do sustained, focused attention, which is something that not only affects reading but affects their command of a lot of subjects, from mathematics, science to economics.

It is very clear from the data that we have that there is a linear relationship between how well people read and what their educational achievement is. There is also a linear relationship between educational achievement and economic performance.

I worry that we are not producing a generation of students, of young adults, who will be able to compete effectively in a global economy. This has, obviously, effects both on individual lives, but collectively it affects the economic future of the country.

You know, we need to make sure that not simply our educational program but the society and culture around the educational program reinforces these critical skills.

Mr. Tiahrt. I think the statements that are made in that study are something we all need to be concerned about, because the shortfall of reading, as you say, affects all of us, but there are individual lives, too, that are cheated out of a bright future because they just are not given the opportunity or encouraged to participate in reading.

Mr. Gioia. And you could look at it almost in the way of the upside and the downside. People who read better do better, and people who really can't read at all end up unemployed. More than half of Americans who read below basic are unemployed.

And so I think both in a sense for achieving the potential of the society and in a sense preventing people from hitting the downside, reading is one of the fundamental skills that needs to be better reinforced in society.

OPERATION HOMECOMING

Mr. Tiahrt. Using the success of Operation Homecoming as an example, the Department of Defense and Boeing teamed up to provide an opportunity for people in the military to write. Now, you have talked about expanding that to the Veterans Administration. And I think you call it ``Operation Homecoming: Writing the Wartime Experience.''

The Department of Veterans Affairs is more likely to get a

cash infusion from the budget this year than the NEA is, or at least that is the way it looks from the President's budget. Is there a way that we can utilize the partnership concept that you have developed with Boeing and the Department of Defense within the VA, to help them fund some of the activities that you hope to accomplish?

Mr. Gioia. Yes, we are hopeful for this. And, actually, we had conversations with Secretary Nicholson about this earlier, and we have worked with them in terms of developing the program, so, yes.

FEDERAL PARTNERSHIPS

And I want to say that we have actually taken a number of Federal partnerships that are very important to us. The Institute of Museum and Library Services is helping us co-fund The Big Read. The Department of Justice is now helping us do after-school theater programs for at-risk youth. These allow both agencies to achieve their goals in a very cost-effective manner with programs with proven effectiveness.

Mr. Tiahrt. Mr. Chairman, in the consideration of time, I think I will just stop my questions here and pass on to the others, so we can move on.

Mr. Dicks. Thank you very much, Mr. Tiahrt.

Mr. Moran, our vice chairman of the Interior Subcommittee.

Mr. Moran. Well, thank you very much, Mr. Chairman.

And thank you for your consistent and strong support of both NEA and NEH. In other words, the arts have been a priority of this subcommittee, and have been consistently over the years. And I think the Republican side, at least those on this subcommittee, that--it hasn't always been the case, but I think we have reached a consensus that these are programs well worth funding.

And that is why I am kind of embarrassed I don't have any hardball, probative questions for you. All I have are softballs.

Mr. Gioia. I'm willing to take those.

DECLINE IN READING

Mr. Moran. A couple of things I wanted to ask you about. I appreciate the focus that you have shown on reading in America, Mr. Gioia. That is really, sort of, the basic source of the ability of our people to appreciate the arts.

A couple of things. We are finding in some of our school systems, particularly with people where English is a second language, the best way to get children reading is to involve their parents in the process, many of whom, particularly some of our first-generation Hispanic families, the parents are illiterate in their own language, and so we are teaching them after school how to read to their own children. And we have had phenomenal results.

Have you been doing any of that, in terms of any of your grants?

Mr. Gioia. Well, teaching basic literacy is really beyond the charter of the NEA. What we are trying to do is, if you look at the data, it suggests that we are doing a better job

than ever before of teaching elementary school kids to read. The problem is, as they enter adolescence, usually between the ages of 11 and 13, and 13 to 15, you see this really scary drop-off.

What we are trying to do is to take these kids who local, State and Federal governments have invested billions of dollars in terms of learning to read and make sure that they maintain and develop those skills in this crucial danger period. So our programs are focused primarily on the high school, sometimes into the middle school, level; and to also use things, like you see with the television we are doing, radio we are doing, CDs we are doing, to reinforce reading with electronic media.

Mr. Moran. It is great stuff. You know, I can't help but notice Mrs. Slaughter and Mr. Shays right over your shoulder there. We used to have a very vibrant arts caucus, but lately, all we have been doing is damage control, you know, trying to fight to keep a decent level of funding. And so we hope we can expand the role of both NEA and NEH and get beyond having to fight for every dollar, but being able to take advantage of these opportunities.

ARTS EDUCATION

The other thing I wanted to ask you about is the integration of arts with the basic learning process. We are getting more and more data that particularly with some children, if you can integrate music with reading, in other words the aural with the visual, that both are enhanced.

I think you have done some work on that. Do you want to elaborate on that a little bit?

Mr. Gioia. For the last 4 years, we have been working with The Dana Foundation, which has funded extensive cognitive neuro-scientific research about the impact of arts education on broader cognitive functions. They have recently announced their data, and scientific data now demonstrates that early instruction in music creates higher cognitive functions. It affects everything from geometric reasoning to linear reasoning and other types of attention that require focused, sustained attention.

So I think that we can say, both anecdotally, which we have had evidence of for many, many years, but now scientifically, that when you give children arts instruction, it has a general positive impact on most of the learning that they are doing.

Secondly, if you take arts out of the educational system, you start to see things which are a little softer but very important. Attendance improves in schools which have arts education programs. As Woody Allen once famously said that 90 percent of success is showing up. And you certainly can't succeed in a school if you don't show up.

So we think that for things as basic as attendance and as central as, in a sense, developing cognitive pathways in your brain, that arts education, early, middle and late, is really important for academic success. It is a foolish economy to eliminate that from the school system.

Mr. Moran. Wonderful. Well, I think we are going to see a new renaissance of the arts. And people like Louise and, I know, Norm and so many others have been deeply involved in

achieving that, and I think it is about to flower.

I am not going to ask a question about it, but I was very much interested to see your description of one of the reasons why we have fewer people reading. And of course that is the electronic media. And you have observed, or maybe it is one of the people who have worked with you, that you are not as likely to reflect when you are seeing information on a screen as when you are holding a hard-bound copy of a book in your lap and reading.

And these are the things that we need to understand, and we need to figure out how to enable this country to fully appreciate all that life has to offer. And one of the most wonderful things life has to offer is the arts. So thank you, Dana, for all you are doing.

Mr. Gioia. You are very welcome.

Mr. Dicks. Mrs. Emerson.

Mrs. Emerson. Thank you, Chairman.

REACHING UNDERSERVED COMMUNITIES

Mr. Gioia, thank you so much for being here today.

When you met with me in my office, gosh, last month now, there were several things about which we spoke. I want to mention one thing that is important to me. I mean, I live in a very, very rural area, and every single municipality of mine is actually classified as rural. And the citizens who live in my district don't have as many opportunities, obviously, as those who live in metropolitan areas.

How is the NEA making rural communities and schools aware of your programs, as well as encouraging participation?

And secondly, how is your budget for 2009 going to actually impact outreach to these rural communities?

And then, third, are there materials or resources available on the Internet that would help supplement anything that either you all might be able to do or that schools in our communities could tap into to enhance those opportunities?

Mr. Gioia. I am happy to answer that question because it really speaks very directly to many of the major strategic decisions that we have made over the last 6 years.

First of all, we reach rural areas directly both by making sure that we have a grant in every district. And a substantial amount of the United States remains rural.

Secondly, through our partnerships with State arts agencies, where 40 percent of our budget goes, they do a terrific job in terms of taking that 40 percent and distributing it broadly across their own States.

But on top of that, the vision of the national initiatives is to take artistic programs of the highest quality and bring them to places that they would not easily reach otherwise.

SHAKESPEARE IN AMERICAN COMMUNITIES

For example, our Shakespeare program. We have had, as of last year, 65 companies; I believe this year 77 companies cumulatively. And they tour mostly small and mid-sized communities. NEA is proud to say that we have brought the local premiere of the works of William Shakespeare to many

communities, which would be a hard thing do, you would think, in the 21st century in an English-speaking country.

About 70 percent of the kids that see this have never seen any play at all. So they have not only a chance to see the play that they are studying in high school, but actually see a live play done by one of America's leading professional companies.

IMPACT OF NEA PROGRAMS

Poetry Out Loud, once again, reaches all communities that are participating, large and small. The Big Read is designed that it can be done in anything from a metropolitan area to a village, and we size the grants accordingly.

On top of this, we try to develop material--for example, you saw the Ray Bradbury film; you have copies of our CDs and radio shows; readers' guides; teachers' guides; our Shakespeare kit, which includes films, audio material, print material, classroom material--and we make those available to all American teachers in public, private, or home school networks. We are now reaching about 20 million kids, which is probably somewhere over two-thirds of American students.

Those we work both through professional organizations and with Members of Congress to alert their constituents. And, as many of you know, when we come in to meet with Members of Congress, we ask you to name any high school in your district, and we can demonstrate that our material reaches that, because we have printouts by school, by teachers.

So have we reached 100 percent of the U.S.? No, we haven't. But I suspect now with material like the Shakespeare material we have reached probably a broader percentage than any arts program in history of the United States. And we are very proud of that, because until we reach every kid in every classroom with this, I don't think we have really fully done our job.

PRESIDENT'S REQUEST

Mrs. Emerson. Now, so you are not too concerned that the budget will have a negative impact at all on additional outreach?

Mr. Gioia. Well, we will have to make significant cuts in our current programs with this budget. We will do it--if that is the budget, we will do so judicially and try to make sure that we do things proportionally. But, yes, it would affect the reach of the programs, without question.

THE BIG READ

Mrs. Emerson. Let me also ask you, if I could, about The Big Read program, which is phenomenal, and I love the whole idea of it. I was looking at the map of communities or States where these programs exist, and it, interestingly enough, really is very much skewed toward the eastern half of the United States, at least according to the map that we got on your Web site.

Can I ask what--I mean, obviously--and you also mentioned that you are talking with us who are Members of Congress so that we might be able to assist here. But what else are you all

doing to encourage active participation by communities and schools in The Big Read west of the Mississippi? And how will this program be impacted by your budget that has been significantly cut?

Mr. Gioia. Well, The Big Read will be, by the end of 2008, in virtually every congressional district in the United States. The population density in the Northeast and Mid-Atlantic on a map, you know, will naturally be a little denser. But we are systematically going across the United States. We have over 200 cities that have applied for this next wave. We have taken that, we have laid it on the map to see where the holes are, and we are working to develop further applications from areas which have not applied.

REACHING UNDERSERVED COMMUNITIES

Traditionally, the NEA had an attitude which was that we accepted the applications, we judged the best application, and we gave grants accordingly. That is a very good method of funding the best of current arts organizations. We have become considerably more activist over the last 5 years, because we figure that there are a lot of smaller communities where the arts organizations are younger or less developed or they do not have professional development departments and they are reluctant or intimidated to apply. Believe it or not, some people are intimidated by the Federal government. And we need to work with those organizations to show them that we are collaborative and we want them to succeed.

And I don't think that there is any member of The Big Read team that doesn't feel an imperative to make the program truly national and democratically representative of the full country. And so that is our goal.

As with our Challenge America, we have hit the 100 percent goal now 4 years in a row. It is a little harder to ramp up The Big Read program because we are creating partnerships by cities. But we are confident that we will be virtually in every community across the United States as the program matures. That is our goal.

Mrs. Emerson. Thank you, Mr. Gioia.

Thanks, Chairman.

Mr. Dicks. Mr. Chandler.

Mr. Chandler. Thank you, Mr. Chairman. And I want to start by thanking you for your steadfast support for the arts. It has been first-rate and difficult at times.

My fellow Kentuckian, Louise Slaughter, thank you for your steadfast support and advocacy for so long. I couldn't help but give a nod to my special friend.

NEA LEADERSHIP

Mr. Chairman, you, are very impressive in what you have done, for starters, but also today in the way that you are able to very skillfully dance between the President's most unfortunate budget and your own goals and objectives and your constituency. So I give you high marks for that. Very beautifully done.

I am a big supporter, of the arts in so many ways. And your

quote, ``That a great Nation deserves great art,' ' is so very true. And the art that nations produce and civilizations produce are often the only things that those civilizations are remembered for in the long term.

So I think it is very important that we do whatever we can to invest in this, to invest as strongly as we can manage. And I know that this committee is going to do that, that this committee is going to make that effort. And I know that folks throughout the country are going to make good use of it.

I applaud you for the use that you have made of it throughout the country to try to further democratize the arts. To gain popular support for art efforts throughout this country, I think is a very good idea, and I applaud you for that as well. You know, in a society like ours, we have to build broad public support to have the opportunity to fund these kind of programs fully. So hurray for you.

I also appreciate some of the things you have done in my State of Kentucky. Kentucky State University was involved in The Big Read, and it was quite a success there. We have a special little arts community in the town of Berea, and I know that you have been working hard with that locality and that community, and I appreciate that as well.

Quick question, because I don't have any very difficult things to throw at you either, but I am curious about how you managed to further democratize this process and spread it out throughout the country.

How did you do that with the budgets that you are provided? What did you have to take away from? I assume that whenever you add something, you almost always have to subtract something, particularly with the austere budgets that the arts have faced in the last several years.

NATIONAL INITIATIVES

Mr. Gioia. Well, I am happy to say that we have been able to add the national initiatives to our budgets without cutting any of the continuing programs. And we have done that because we work in partnership. And as we develop an idea--although I am a poet by profession, for many years I had a day job in business. And one of the things that we learned in business was the importance of test-marketing new ideas; taking a new idea, bringing it into a small set of towns, seeing how it works to make sure that, as we expand it, we may expand it as efficiently as possible.

Our manner has been to take these initiatives, test them under relatively modest beginnings, to get as much efficiency and effectiveness out of that, while we build essentially support from Congress and the President to fund those ideas, as well as bringing private partners in. So we have been able to, both through Federal partnerships and in a few cases, as with Boeing and the Operation Homecoming, to be able to fund these without the use of public dollars. And when people see how effective and how important the programs are, we have been able, with the support of this subcommittee, to build basically the support.

And if I can say one more thing about the democratization, the important thing to understand is that we serve the American

people. And nowhere in this country, big city, medium-size or small city, is there not a need for the arts in the community and in the schools. And we look at our job to fulfill this vast and largely unmet need in the country. And I think we are making progress, but there is much more work to be done.

THE BIG READ

Mr. Chandler. Well, I am very pleased also to see you focus on books and reading. I, like so many other people, am in love with books, like Mr. Bradbury, absolutely in love with books. And it is so important to the future of our country and to learning in general. I don't think there is anything that is more important, any one single thing that is more important than reading.

And the great thing about the arts--and I don't know if you have actually put it this way, but the great thing about the arts is that it has the potential to make reading fun for people, and particularly for young people. And that is why I think it is so important.

Mr. Gioia. Well, you know, one of the other things, if I could make one more comment, about The Big Read that is significant is that, when we go into a community, we get between 100 and 200 partners in the community. So the local theater company will put on a production of the play of ``To Kill a Mockingbird,' ' which they might bring to the schools; the local symphony will perform the Elmer Bernstein score as part of their programming; the libraries, the teachers, sometimes the District Attorney will re-enact the trial from ``To Kill a Mockingbird.'

So what it is is it becomes a way of all the arts and the civic organizations in the community, sort of, to galvanize their support so we can create the incredible situation where a kid actually hears something that they learn in school repeated outside of school, which gives them, in a sense, the social utility of learning.

So I think that the kind of partnerships we create across all the arts and civic organizations is really part of the social capital that is created by this program. So it helps not only reading, but it helps community-building.

Mr. Chandler. Well, Chairman Gioia, thank you for a job well done.

Mr. Gioia. Thank you, sir.

Mr. Dicks. Mr. Calvert.

Mr. Calvert. Thank you, Mr. Chairman.

Chairman Gioia, I am new to this committee. I don't really have any questions other than to say that, since we are both from southern California, we have been accused of living in a cultural wasteland. And based on some of the content coming on TV, out of Hollywood, it is sometimes pretty difficult to defend ourselves. But I know you are going to extract us from that reputation with the great job you are doing.

And, in the interest of time, I have no questions, Mr. Chairman.

Mr. Gioia. Well, if I could simply say that Ray Bradbury is a southern California writer, so we are also bringing the best of Southern California. And the Los Angeles/Long Beach area now

has more artists than any other area in the United States. And so the arts are very important to the California economy.

Mr. Dicks. Mr. Pastor.

Mr. Pastor. Thank you, Mr. Chairman. Good morning.

Good morning, Mr. Gioia.

ARTS EDUCATION

When you responded to the Chairman on the question on your budget, you said that the House of Representatives started the appropriation process. And I am going to ask you a hypothetical because I agree with you that, today, one of the major challenges that we have in our public education system is the diminished state of art education. Because the emphasis is on achieving and failing and scoring schools, that, at least the little bit of knowledge I have in Arizona, is that physical education and art education, music, all those very elements are being reduced or eliminated in our public schools.

I know that there has been different efforts throughout this Nation in trying to connect the public education system with museums, with symphonies, et cetera. I know that you have a Chairman of this subcommittee who is very sympathetic to increasing the value of art in our Nation.

If you were to get an increased funding above the President's budget, would there be any initiative that you would implement that would start working with your idea, as you say, build partnerships, so that we could begin addressing and overcoming the challenge of diminishing art education in public schools?

Mr. Gioia. You know, Congressman, you asked a very good question, and I think it touches on one of the major opportunities in the United States.

ARTISTS AND ARTS EDUCATION

We are about to publish a report on artists in the workforce. There are 2 million Americans who define their primary occupation as artist. Most of these people are highly trained, far better educated than the average American in the workforce. But they are not unemployed, but underemployed.

You have musicians, dancers, actors and other artists who are in a community, they have the training, they have the skills, and they also have time. We would be able, in a sense, to create art programs for every level of American education by drawing on artists from their own communities and create partnerships between the school system and the arts community to fill this unmet need in American education.

I think that that is one of the major areas for future development for the Arts Endowment, which is, in a sense, to bring what the arts community has and what the school districts need together.

Mr. Pastor. As you know, in Phoenix we have a wonderful art museum, you have been there, Phoenix Art Museum. And you supported the art museum with some grants. But one of the problems has been that the school districts, the public education system, doesn't really take advantage of the facility.

I know that in Chicago, several years ago, Mayor Daley set up the program in the educational system where he provided monies and personnel in the city so that links would begin to develop between the art museums and the school districts where projects were developed.

Do you think a program such as this would be successful in, again, adding to the art education of our children?

Mr. Gioia. Well, you know, all of our national initiatives have a major educational focus. What we have learned is American teachers, they are very busy, they have enormous commitments that they have to meet in terms of their current duties, and therefore many of them are reluctant to take on new programs.

With our Shakespeare program, our Jazz in the Schools program, our Big Read program, the American Masterpieces programs, we have tried to create programs and materials which, in a sense, fit into the existing curriculum and are almost turnkey operations that a busy teacher can bring them in, we can show them where to put it into their lesson plan, how they fit with the State and Federal testing requirements, so that these programs make their lives easier, rather than harder.

So I think that you can do this, but you have to do it in a way which acknowledges the workload and commitments of teachers. So there is a certain amount of expertise, and I am happy to say the NEA has developed that expertise.

So I feel that we could do this successfully. You know, once again, you need to test it first and develop it so that you make sure that it is as efficient and as effective as possible.

INTERNATIONAL CULTURAL PROGRAMS

Mr. Pastor. I will end with this second question, and it goes to your second challenge, about the United States not expanding its cultural exchanges with other nations.

Almost every city in this country has a sister city somewhere in the world. I know that Phoenix has a number of sister cities. And on a number of weekends, especially in the spring, they have the festivals.

Have you thought about any linkage with the National Endowment for the Arts and the sister city program so that we might meet and overcome the second challenge?

Mr. Gioia. We have only done that in a very limited way. We have greatly expanded international programs, but I have not expanded them to anything close to their real need because I want to make sure that we cover our domestic needs first. Our primary focus has been with Mexico, which is the country with which we share a large common border and an enormous number of common citizens. My own mother was Mexican American. So we have created many programs with them. And our Big Read Program--now that we have Big Read programs internationally with Russia, Egypt, which is co-funded by the State Department and Mexico, we are trying to identify sister cities in those nations to sponsor these programs. But that is about as far as we have taken it. And I think that there is enormous opportunity there. Many cities have sister cities in each continent so that there is a real wealth of pre-existing connections there.

Mr. Pastor. I yield back, Mr. Chairman.

Mr. Dicks. Thank you very much. Thank you, Mr. Chairman. And I think you can tell this committee is very supportive of the direction you are taking the NEA in and we are going to do our best to work on your budgetary problem and see if we can restore it.

Mr. Gioia. I know I speak on behalf of all of my colleagues at the Endowment. I thank you for the continuing support of this subcommittee. And I am so delighted that Congresswoman Slaughter and Congressman Shays will also be testifying in this. They have been great friends to the Endowment.

Mr. Dicks. Thank you. Now we are going to call up two of our favorite colleagues, Louise Slaughter from New York, via Kentucky, who is the chairman of the House Rules Committee, and Chris Shays of Connecticut, two of our most thoughtful and respected Members who are the co-chairs of the Arts Caucus here in the House of Representatives. Louise, you may start. I want to say first of all, however, I appreciate all of your work together over the years and on the floor. When we were advocating for these agencies, you and Chris made a big difference in educating our colleagues about the importance of the endowments.

Ms. Slaughter. Thank you, Mr. Chairman. I really appreciate that and I certainly appreciate your support. And I see Mr. Tiahrt this morning is here.

Thank you, Mr. Dicks. I apologize first for my scratchy voice. I have three grandchildren in elementary school and I am more than supplied with the daily requirement of viruses. Thank you so much to you and the ranking member, Mr. Tiahrt, for allowing us to come and testify today and thank you so much from the bottom of our hearts for the help you have given us over the years. As you pointed out, we went through some very dark days, Mr. Dicks. But as I said this morning, I think happy days are here again. I want to thank you.

I would like to begin by addressing Mr. Pastor's question about failing schools and what to do about schools. Rochester, New York, was represented years ago by very able people. Somebody persuaded George Eastman that every schoolchild in the city should have a musical instrument. And that was provided for many, many years by the Eastman Kodak Company. And that is why I think that Chuck Mangione plays the flugelhorn and Mitch Miller plays the oboe because probably when they got to the Ms, the more popular instruments had been taken. And of course, Cab Calloway did okay because his voice was his instrument. But any school that is failing, any school that is falling behind would do well to look to the arts. What we know now, and Mr. Chandler brought it up, what we know now about the developing mind and art is so overwhelming and so astounding that we should spend more and more money on arts in school. What we have seen already with children as young as 3 and the things that they are able to do and when we heard from Westinghouse years ago during our dark days, Westinghouse said they wanted to hire people who had musical backgrounds and had studied music because they were innovative, they were creative and he appreciated it so much. We did come very close to losing the Endowment completely. And it was people who stood up outside, like the Conference of Mayors, county legislators, State

legislators, are all people who said no, don't do that.

In addition, I firmly believe that any child that learns to create is not going to be destructive, is not going to destroy. We have seen what it does for self-esteem and teaches them things. But the correlation between the brain and the way it learns and the way it goes over to other studies is so critically important to us. And with the sorry state of education in large parts of the United States right now, my favorite was the young woman who--high school graduate who was asked on some program--I am not sure what it was--how smart are you--what country--Budapest was the capital. And she said I have never heard of it. And they said it is in Europe. She said, oh, I thought Europe was a country. And when they said no, it is the country of Hungary, she said I have never heard of Hungary. I know Turkey, but I have never heard of Hungary. This is the kind of thing that I think really ought to make us sit up and take notice and do whatever we can do to enhance the learning and the ability of our young people to understand this world they are in and to read, which is another thing that the Endowment does.

But anyway today, I really want to thank you for coming again. We had a successful year last year and we hope for another. I do appreciate all of your efforts and I want to thank my colleague, Chris Shays, who has been my partner in everything that we have done, worked with me over the past 10 years to restore funding. We did all right. The arts define our culture and instill unique character in the communities across our Nation. Art transcends the barriers of language, time and generation, translating cultural differences, breathing life into history, and reaching experiences across cultures. Recognizing this, and the inherent educational benefits of exposure to art, the Federal government has allocated Federal funding to the NEA to promote the development and advancement of art programs across the country. In the late 1980s and early 1990s, Congress funded the NEA at \$170 million to carry out its mission to support excellence in the arts and ensure that all Americans have access to the arts. But the funding was slashed so prodigiously in 1995 and 1996 and has never yet recovered from that 40 percent cut. Last year was a breakthrough year for us, thanks to Chairman Dicks and Mr. Tiahrt and other members of this subcommittee. We received a nearly \$20 million in increase in funding, thanks to you. But its invaluable programs remain seriously underfunded and the agency continues to struggle to meet the growing demands for its important programs.

The National Endowment for the Arts is the largest national source of arts funding in the United States and supports local arts programs in every congressional district across the country. While NEA's budget represents less than 1 percent of total arts philanthropy in the United States, the NEA grants have a powerful multiplying effect, with each grant dollar typically generating 7 to 8 times more money in matching grants. No other Federal agency and no private organization facilitates nationwide access to the arts to this extent. And it is therefore no surprise, but very important for everyone, to know that the nonprofit arts industry generates \$166.2 billion in economic activity every year, provides nearly 6

million full-time jobs and at the same time the industry returns to this Federal budget \$12.6 billion in income taxes. And I defy anybody anywhere in the Congress to find any other program we fund that has that kind of return.

Federal funding for the arts has a ripple effect on the entire economy. Across America, cities that once struggled economically are reinventing and rebuilding themselves by investing in art and culture. Both are proven catalysts for growth and economic prosperity. By creating cultural hubs, nonprofit art businesses help cities to define themselves, to draw tourists and to attract investment. Federal support for America's nonprofit cultural organizations must go on if we hope to continue the substantial benefits they bring. And as I said, not only economic, but educational.

In addition to the economic benefits, we must continue to cultivate exposing our children to the arts. It is essential if we ever hope for them to reach their fullest potential. Exposure to the arts fosters learning, discovery and achievement in our country. Research has proven that participation in arts education programs stimulates the creative, holistic, subjective and intuitive portions of the human brain. More significantly, educating children in arts also educates them in the process of learning.

Researchers from the University of California at Los Angeles found students with high arts involvement perform better on the standardized achievement tests than students with low arts involvement. Indeed, if you have been exposed to art 4 years in high school, your SAT grades go up on the average--or points rather--on an average of 59 points. Indeed--and I think it was mentioned before by Mr. Gioia--but on arts days in schools nobody is absent. They love it. And parents, any time schools start to cut back on the art programs have been saying that they change that.

So employers are looking for people who know how to learn, and learning through the arts will reenforce the crucial academic schools in reading, language and math. But just as important, it will also teach them self-respect, knowing the skills that they have helps them to develop and to grow and to analyze and synthesize information which we must have.

Educating the children early and continuously in the arts will prepare them for the work in today's innovative and creative post-industrial society. But they are not what ultimately draws people to the arts. People seek experience with the arts for emotional and cognitive stimulation. We all know the transformative power of a great book or painting or a song. A work of art can evoke extraordinary feelings of captivation, deep involvement, amazement and wonder. This evocative power is so rare in a world where we tend to grasp things almost exclusively in terms of their relation to the practical needs and purposes. Stimulating this mental and intellectual activity not only enhances our creativity and imagination, it strengthens our ability to empathize with others and deepens our understanding of the human spirit.

In today's globalized world, these factors must not be ignored. We cannot assign a price tag to the intrinsic benefits that the arts bestow on individuals and across communities and society at large.

I understand that there are many important requests before your subcommittee and many Federal agencies struggling to overcome the funding shortage. But I am compelled today to ask that you take into consideration the return we get on our investment in the arts. American artists share with us a piece of their spirit and their soul with every creation. It is a labor of love for the artist, it brightens the life of each of us, bringing us joy and comfort and enlightenment and understanding in ways impossible to find otherwise. And the arts and artists of America are a national treasure which this great Nation needs, deserves and must support, as do other nations around the globe.

Again, I thank you for the opportunity to testify before you today and urge your continued support for the NEA funding.

Mr. Dicks. Thank you for that wonderful statement, and we appreciate your leadership over the years. You have been a stalwart in the House in support of the arts and I have enjoyed working with you and we will continue to work together. And now I will call on your co-chair, Chris Shays from Connecticut, who is again one of the most respected Members of the House and also a leader in the arts advocacy area.

Mr. Shays. Thank you, Mr. Dicks, and to your committee, Mr. Tiahrt and the other members. I will submit my statement for the record.

Mr. Dicks. Without objection, it will be submitted.

[The statement of Mr. Christopher Shays follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Shays. I want to make a few points. First off, I think Louise covered it well. But I tell people--and we are at a table--I eat the crumbs off her table. And I just appreciate what she has done for such a long period of time. And I particularly appreciate you, Mr. Dicks, for leading this charge. I grew up in an arts family and I didn't realize that was unusual. I thought every kid went to sleep with his father playing the piano. When I went off to college, I had a hard time getting to sleep.

But I would make this point to you and just emphasize it. If the nonprofit arts industry alone generates \$134 billion annually and supports 4.85 million full-time equivalent jobs and returns 10.5 billion to the Federal government income, just from the standpoint of your spending side of this equation, the millions that you would add, the small amount that you would seek to add would have a huge impact and yet be nothing in terms of the trade-off that exists for the arts. So on the economic side, it is clear.

But I think arts give young people and maybe older people as well dreams. And I can't imagine growing up without dreams. It makes us think, it makes us ponder, it makes us laugh, it makes us cry. I know we have three performers who are incredibly gifted. I to this day have not forgiven Robert Redford for leaving Barbra Streisand in *The Way We Were*. I said how could he. And I said no. It was a bad mistake. But he kind of made up for it when in *The Natural* he realized Glenn Close was someone that he needed to spend his life with. So don't

tell me the arts don't matter. We think about it all the time. It brings debate to our society. But the bottom-line for me, just put the economics aside, it is about as spiritual as going to church and can have the same impact. Thank you.

Mr. Dicks. Well, thank you both very much. And we appreciate your being here and to your leadership in the House. And thank you for your good work.

Ms. Slaughter. And thank you for yours.

Mr. Dicks. All right. Now we are going to bring up Bob Lynch to the table. I want to welcome you back to the Subcommittee and thank you for organizing this distinguished panel to present testimony to the Subcommittee on the importance of the Federal role in support of the arts and arts education. I observed during last year's arts hearing that we might have called this session the first Sidney Yates Memorial Arts Advocacy Day hearing. Given the very disappointing fiscal year 2009 budget, for the National Endowment of the Arts presented by the President, it is clear that your return appearance is necessary and timely. I was pleased that last year the Committee was able to make some significant progress in increasing funding for the NEA. As you know, I would have preferred to do more. Continuing to restore funding for both endowments will be a high priority for me again this year as chairman and I hope for all of the members of our subcommittee.

Today's advocacy session is critical in making this case both to Congress and to the public. We appreciate your help and that of all of the individuals that have contributed their time and energy towards making this year's Arts Advocacy Day a success.

Mr. Lynch, you have organized a terrific panel, including five very knowledgeable individuals. We are honored by their participation today. And I would turn to Mr. Tiahrt for any comments you might want to make.

Mr. Tiahrt. Thank you, Mr. Chairman. I would just say that I am anxious to hear this testimony move forward. So I will keep from any questions now or comments as well. Thank you.

Mr. Dicks. Mr. Lynch.

Mr. Lynch. Well, first of all, good morning, Chairman Dicks and Ranking Member Tiahrt and all the subcommittee members. It gives me great pleasure to introduce to you today a committee of elected officials, acclaimed artists and business leaders who will be presenting this testimony this morning. And the testimony is on supporting your good work from the past, further increases in funding for the National Endowment for the Arts. And I think you will find that each individual invited to testify today will make a compelling case for why the National Endowment for the Arts is a great investment for our economy and for our citizenry. And, Chairman Dicks, I will bring each one up separately after my testimony if that works for you.

Mr. Dicks. That works.

Mr. Lynch. What I want to start with is to simply say that I have had the great pleasure of being a visitor to each one of your districts, all 15 of the Subcommittee members' districts in my Create Americas for the Arts. So I have had the opportunity in that time to see the wonderful artwork, public artwork in Congressman Pastor's district, Phoenix, Arizona. I have had the opportunity to buy the great craft work in

Congressman Moran's district. We are bringing our annual conference to your district next year.

Mr. Dicks. Wonderful.

Mr. Lynch. And a big part of the whole local arts agency movement in America began in Wichita, Kansas, where we had a convening some 50 years ago that launched a lot of what we are all about here and the support for the National Endowment for the Arts. So I have written testimony that I would submit.

Mr. Dicks. Without objection, we will place it in the record.

[The statement of Robert Lynch follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Lynch. And what I want to say simply is that you know that we are here to ask for the National Endowment for the Arts funding to be restored to its \$176 million historic high, which was 10 years ago. We are trying to go back to the future. And the \$20 million increase that this committee was able to get last year was an enormous boost to the arts in America and to the leveraging of State monies, local monies on the government side and private sector money itself. The impact of the arts and the arts community across America is something that I just want to reference today because a lot of people don't realize the scale of what we are talking about.

Today, for example, we have 600 representatives, 600 arts leaders from every State here, 87 national service organizations coming together on a united front. And I am going to be submitting to the Committee this book that we have done, Congressional Arts Handbook, that--87 national arts organizations agreed on something. And that is not easy. And they came together and they agreed on a dozen things that they think will make America better through the arts. So I am going to be passing that on to you.

But those organizations representing music and theater and dance and literature and visual arts and media, they represent 100,000 nonprofit arts organizations in America, 100,000 in each one of your districts. And that is only part of the equation. We know that there are over 600,000 arts centric businesses in America; in fact, 612,095. 4.3 percent of the businesses in America are either non-profit arts organizations or for-profit arts organizations like the music store that you see in your towns or the dance school and things like that. And they support almost 3 million jobs. That is not the passion argument that we heard wonderfully from our two congressional friends before. That is the harder side, the business side argument, but important as well because of your public policy role in understanding that there has to be that.

What we have in today's hearing is a title called the role of the arts in fueling creativity and innovation. And last night we had Dan Pink, a great author who has been speaking about creativity in America, as our Nancy Hanks Lecturer at the Kennedy Center. And some of you were there with us. And what he talked about was overwhelming evidence about tomorrow's jobs in America that will need creativity, creativity, a whole new mind that is going to be what is necessary for the worker of the 21st century to be able to navigate a world, that jobs have to

be more creative to separate the products from other people's products, from the vast array of choices that we now have out there in the American landscape.

He talked about abundance. How do you compete in an abundant society? Well, you have to have better design, better creativity. He talked about many of the jobs that we are actually training our kids for being outsourced to Asia and other places. What is it that is going to distinguish the kids today to keep good jobs in our country?

One other thing that I will be submitting to you is there is a book or a magazine called The School Administrator. This is the magazine that all of the superintendents in America read. And the entire issue, last issue, is devoted to why the arts are important to be restored in every American school so that the kids will have that creativity so they will get those jobs. So we will submit that as well.

The arts are not just driven, though, by this business side or drivers of industries. Congressional Arts Caucus Co-Chair Louise Slaughter said something recently. She said the arts are stunning gifts, stunning gifts that American artists make to our daily lives. They help kids learn, they make them smarter, they brighten life, they bring joy and comfort and understanding, they are a national treasure. And my point is they are both a spiritual national treasure and they are an economic national treasure.

Now, some of our other panelists will talk about intrinsic benefits, the inspiration, the unleashing of creativity, the civic discourse. But public officials like you and like mayors and like State officials manage economic well-being as well. And there is strong data that shows the economic benefits. I heard Louise Slaughter reference that data, but we have a chart here that we will leave up for the entire hearing that shows what I referenced before.

The \$166 billion economic impact of just the nonprofit arts in America, that is huge. It is bigger than anyone thought. The 5.7 million jobs that are direct and indirect because of that industry, the \$39 billion in taxes that get returned, Federal, State and local, that Congresswoman Slaughter referenced. And I would like to point out that in a time of troubled economies, we are a growth industry, 24 percent increase in the last 5 years.

Now, as I have had the chance to go out across the Nation and visit all of the districts, I have seen that the prize for the most arts-related businesses of any of your districts goes to Congressman Moran, 2,063 businesses, 19,403 jobs. And I think that is impressive. But I also want to say that even the smallest district--and I had mentioned this--we sent the information to Congresswoman Emerson in Missouri--570 arts-related businesses in that congressional district and supporting 1,935 jobs. Biggest, smallest, it is still good, it is still important.

Thirty years ago, I had the chance to work with Congressman Olver to take a look at his district. He was the State senator at the time. We envisioned how it could be better and started a festival in North Hampton, Massachusetts, a place of decaying buildings that was almost abandoned. That festival launched a creative energy and a rush of artists that led to businesses

coming and led to that town today being one of the top 100 arts destinations in America. This is a story that many of you know in your communities as well, and it is a story that is repeated again and again across America.

The United States Congress and this committee 40 years ago, or your predecessors, need to take a lot of credit for what you see up there on that chart, and here is why. The launching of the National Endowment for the Arts--and I get this story from John Brademas, your colleague, who says to say hi today--was the launching of a system of support in America as we know it today, the network of support in America as we know it today. Over 40 years ago there was no Federal funding. There was very little State funding, only four State arts councils. There were a handful of local arts agencies. The stimulus that happened because of the creation by folks like Senator Pell, Congressman Brademas, President Johnson allowed the system of support to click into place that creates that \$166 billion industry today. Only 10 percent of the arts part of that is from government and a tiny fraction of that is from the Federal government. I don't look at it as a subsidy. I look at it as incentive. But I want you to know that that incentive over all of these years has been the tail that has wagged the entire dog of the arts economic industry. Arts in America owe you and your predecessors a great debt of gratitude.

Local arts agencies are an important piece of that. You have a local arts council and arts commission in every one of your towns. They are a local funding entity and you have at the Federal level, at the national level, presidential candidates who are calling for a lot more than we are asking for here today. We are asking for a \$31.3 million increase to bring it up to 176.

Mike Huckabee announced on ``Meet the Press'' that the arts are weapons of mass instruction and we need more of them Federally funded. Bill Richardson, Bill Richardson in his--one of the----

Mr. Dicks. Maybe we can fund it out of the defense budget.

Mr. Lynch. Bill Richardson called for half a billion dollars more to go to the arts and arts education in America. We are conservatives here. We are only asking for \$31.3 million. And both candidates, Obama and Clinton, have strong arts policies calling for increases on all fronts.

So with that, I simply want to say Federal support carries increased value because it sends a signal to the other funders. As the National Endowment for the Arts Chairman Gioia recently noted in case after case, the NEA learned that its grants had a powerful multiplying effect, and I have illustrated that today. It is my hope that the distinguished members of this subcommittee will continue to support the NEA's incremental march towards restoration and advancement of the arts and supporting our local economies, as well as our local spirits and expanding access to the arts for all Americans and preserving our shared cultural heritage.

In 1992, the National Endowment for the Arts' all-time high budget was \$176 million, and I ask the Subcommittee to return the agency's budget to this level. Thank you very much for the opportunity to testify before you on these issues.

Mr. Dicks. Thank you very much. And are you going to

proceed and introduce your----

Mr. Lynch. If there are no questions, I will proceed and introduce----

Mr. Dicks. I think we should go ahead. The witnesses have been waiting a long time, and we will hear the testimony and then ask the questions.

Mr. Lynch. Great. So let me begin by introducing the honorable mayor, Mufi Hannemann, and ask the mayor to join us here, our first speaker and a person who has experienced firsthand the impact that the arts have in our cities. Mayor Mufi Hannemann is the mayor of Honolulu. So he traveled a long way to be here. And he serves as the Chair of the Tourism, Arts, Parks, Entertainment and Sports Committee of the United States Conference of Mayors. And the very fact that they have an arts committee is exciting.

Prior to taking office in 2005, Mayor Hannemann served in four White House administrations and was a Fulbright scholar. He will provide an elected official's perspective on the vital role that culture plays in the civic and economic development for cities and the personal enrichment he receives from different forms of artistic----

Mr. Dicks. Well, I have to welcome Mufi, who has been a long-time friend of mine, and especially now, right during the Final Four. We used to get together and have a lot of fun over the years. And we are glad you are mayor out there doing a fantastic job and we appreciate your coming all the way to testify today.

Mr. Hannemann. Thank you, Chair Dicks. And thank you, Bob, for your excellent presentation. Chair Dicks, Ranking Member Tiahrt, and members of the House Appropriations Subcommittee, it is my pleasure to be here not only on behalf of the people of Honolulu, but the mayors of the largest body known as the U.S. Conference of Mayors. I have submitted testimony on the record, but I would like to amplify----

Mr. Dicks. We will place it all in the record and you can summarize as you----

[The statement of Honorable Mufi Hannemann follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Hannemann. Thank you. We want to state emphatically that as mayors we get it when it comes to the arts. We understand that our job is more than fixing roads, potholes, ensuring public safety, cleaning parks, emphasizing infrastructure. As important as those responsibilities are, there is nothing like having a vibrant arts culture in every city. And there is basically some very strong reasons why we have gone on record in our 10-point plan for strong cities, strong families, for a strong America where we are calling for additional emphasis and funding on the arts.

Number one, the arts help define the soul, the essence, the culture of a city. In my particular case it is all about our cultural heritage. It is all about what we call our native Hawaiian culture. At one time, as a kingdom, we had the highest literacy rate in the world in 1851. We had a monarch that traveled around the world, King David Kalakaua, and took with him culture and arts everywhere he went. This is why music has

evolved now where the Grammys even have a Hawaiian music category and the hula, that very popular form, is practiced and taught throughout the world. People need not come to Hawaii. That is very important. It is all about livability. We are very proud of the fact that the International Herald Tribune ranked Honolulu as one of the top 10 most livable cities in the world. And we believe arts and culture is one of the reasons why they have done that.

Secondly, it is all about education. We heard a wonderful lecture last night that was given and we recognized through that lecture at the Kennedy Center that education leads to a workforce that is competitive, that is innovative, that is creative. And certainly I think you all are aware of the challenges we face, especially with the Asian economies, and that we want to have a competitive workforce. Arts brings out that critical thinking, that ability to expand beyond what people normally take up.

We know that big countries like Japan have emphasized the arts in ways that we should do in the United States, where they rank and they teach music and arts and emphasize it in the same way that they do mathematics and science.

Thirdly, it is all about the economic impact. We have seen the figures here before you nationally. But in my particular city, I have made three positions, a senior level, cabinet level, positions with emphasis on the arts. Traveling with me today is my Director of the Office of Culture and the Arts, Mr. Michael Billy Pang, where we give out nearly \$300,000 a year to nonprofit organizations. We have an Office of Economic Development where we work with the Hawaii Tourism Authority, where we pass on another half a million dollars in grants to nonprofit groups.

We also have a very strong Honolulu Film Office, which has resulted in \$100 million in spending for the film industry. All of this, of course, has led us to revitalize a very important part of our community called Chinatown, where our quest is to make it a leading arts and cultural center in the world. We are very proud of the fact that First Lady Laura Bush recently designated Chinatown as part of Preserve America designation. We have a Wi-Fi service throughout Chinatown. We have created art enterprise zones where the first Friday of every month is designed to open up the vibrancy of that city, create economic dollars, and once again move us closer to what we want to become as a city with respect to the arts.

Last but not least, it is all about today talking about the goals that we have in this mayors' 10-point plan. And one of them calls for the creation of a cabinet level secretary for culture and tourism. This is why we went with Bob to New Hampshire and participated in that first presidential candidates forum on the arts.

We want to make it clear that the mayors would like to see this. We want to see the recognition that the arts deserve. Foreign countries around the world emphasize cultural arts and tourism way beyond what we do in this country here. And it is high time that we have a President in the White House that will recognize the arts and will work with Members of Congress to give it the recognition and the funding that it richly deserves.

Let me close, Mr. Chair, with just one simple and very, I believe, eloquent anecdote in terms of why we support increased funding for National Endowment of the Arts. Recently a group of 18 cultural practitioners from the island of Maui went to New York and they went there to talk about one of the chiefs of Hawaii, who doesn't perhaps have the recognition as King Kamayamaya. This chief was Kahekili and he came from the island of Maui. And he lived to the ripe old age of 87. He died of natural causes. But before he died he united every part of the Hawaiian kingdom, except one, the big island of Hawaii. He was a compassionate leader who at the end of every bloody victory he ordered his men to lay down their weapons and return to their taro patches. These 18 cultural practitioners, thanks to a funding from the National Endowment of the Arts, went to New York. And let me just quote to you what they experienced there. It was a first taste for Manhattan for most and the taxis were all on strike. That never happens in Honolulu, by the way. Picture 18 hula artists from Maui, traveling to the concert site by subway, curlers in hair and everything. The whole experience was absolutely fabulous. New Yorkers were not only kind and helpful, but also excited to see this kind of dance, Kahiko, ancient style, for the first time. They have since returned to Hawaii and they will now continue to take this traveling road show depicting the life of a chief to other places throughout America.

But as was stated at the end of this particular article that I am reading, it is important to us that people in the United States have the opportunity to get to know our chiefs like Kahekili, to experience the cultural practices of those days, the emotions and the glory and the life of old.

I relate that to you because it is only through the arts that we are able to bridge the cultures between East and West. It is only because of the arts that we are able to increase the understanding and appreciation of my particular indigenous culture, the native Hawaiian culture. And it is only through the arts that people have an opportunity to experience the Big Apple and experience what most of us understand in the transcontinental United States.

I thank you for the opportunity to be here today. I urge you to continue the same type of passionate leadership that you have exhibited with the arts. Sooner rather than later folks will understand what all of these leading arts advocates throughout the country are here today for, to say we can't shortchange the arts. It is about our past, it is about our present, but most importantly it is about our future.

Thank you very much.

Mr. Dicks. Well, we appreciate your very thoughtful statement and the fact that the mayors are supportive of what we are doing. That is important. There is a lot of leadership today coming from the mayors, particularly on climate change, greenhouse gases, issues of very major significance. The mayors have really taken up a leadership void, I think, and we in the Congress appreciate that. We also appreciate being part of your 10-point plan as a significant endeavor for local communities to improve themselves. And I just want you to know that I appreciate very much your friendship over the years and leadership on these issues.

Any other colleagues want to make a statement of any kind?
Thank you, Mufi. We appreciate your being here.

Mr. Hannemann. Mr. Chair, who is going to win the Final Four?

Mr. Dicks. That is above my pay grade.

Mr. Tiahrt. It will be Kansas.

Mr. Dicks. Thank you very much.

Mr. Lynch. I want to say thank you to the mayor. And I think that the members of the Committee certainly can appreciate the words of a fellow elected official, but one thing that I would also like to point out is that the mayors in local government in America fund the arts at the approximate amount of \$2 billion a year. That money appropriated by mayors across America only happens because of the leverage that you provided. It gives me great----

Mr. Dicks. I want to make sure. You are saying in their funding, that that totals \$2 billion?

Mr. Lynch. Almost \$2 billion from the cities.

Mr. Dicks. That is very significant.

Mr. Lynch. Yes. Absolutely. And our friends at the State level are very close to about half of that. So that combination with the Federal piece is where public sector funding for the arts comes from in America. The Federal piece is the smallest, but it is practically the most important because of its leverage.

And now it really gives me great joy to introduce our next speaker, who is an acclaimed contemporary musician, Mr. John Legend, who I ask to come up. And he is practicing a bit of shuttle diplomacy on behalf of the arts today, having just come from our Congressional Arts Breakfast. He is a five-time Grammy award winning musician, R&B singer, songwriter, a pianist. He is the founder of the Show Me Campaign, which is a grassroots movement to fight worldwide economic and spiritual poverty through fostering sustainable development at the individual, family and small community levels, and he is a member of our Americas for the Arts Artists Committee, of which we are very proud that we had the opportunity to honor him last year with our Young Artist Award. We have asked him to speak on the power of arts training and the inspirational aspects of the arts that have influenced him in his successful music career.

John Legend.

Mr. Legend. Thank you.

Mr. Dicks. Thank you very much. And you may proceed as you wish. We will put your entire statement in the record. And you may proceed. Thank you for being here.

[The statement of John Legend follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Legend. Thank you. Good morning, Mr. Chairman. Good morning to all of you Committee members that are here. I am excited to be here. This is my first time doing anything like this. So bear with me. They say that a lot of celebrities want to be politicians and a lot of politicians want to be celebrities. But the fact that you guys have to sit around and have people beg you for money all day, I don't know if I want to be in your shoes.

Mr. Dicks. Only if you can deliver the money. That is what Jerry Maguire said, show me the money.

Mr. Legend. But I am really excited to be here. I think this is an important cause and it is a cause that is really close to my heart. I grew up in Springfield, Ohio, a small town, small city, where the arts were so influential to me growing up and developing into who I am today that I am grateful for all of those influential people that brought me here and gave me the ability and the confidence to be where I am.

I started out playing the piano when I was 4 years old. I had a piano teacher at a local music school. And I also had my grandmother, who was the organist at my church, who helped train me to become a pianist and an organist. And then my mother was the choir director at my church. So she helped me become a singer. So I was surrounded by artists, just like Representative Shays said. And I know how important that is.

I had a piano in my house and I always wanted to learn how to play. And from a very young age it was such a big influence in my life. I went on to go to a place called Springfield Christian School, which was a small private school. And the first play I ever acted in was my second grade play where I played Andro, the star that led the shepherds and the wise men to Jesus. I was a talking-singing star. And I have always loved performing ever since that time. I did piano recitals and everything you can imagine. And my parents actually brought me back home a couple of years later and started home schooling me. So third, fourth and fifth grade and sixth grade I spent at home with my family.

And when my parents got divorced, I went back to school, and I went to public school this time. So it was a big school, a lot of people I didn't know. And the first way I got integrated into the school and really became socially involved in school was through music. I was in the talent show, I was in the choir, and I had a lot of great teachers and a lot of great support around me. And a lot of it was due to me being involved in the arts. And they were like my second family when I was living in a family with a single parent, my father taking care of us and going to work every day. And what I did after school rather than getting caught up in trouble was get involved in music.

I had a choir director named Arlan Toliver, who was the head of the Springfield Unity for Christ community choir. I had my gym teacher in middle school who also doubled as a music tutor for us after school and was the head of the talent show at school. I had an English teacher who was also doubling as the drama teacher at my high school and taught my show choir. And all of these people were like my extended family at school and helped keep me out of trouble when there was a lot of trouble to be had. And I really appreciate all of them.

And these are the people that we are talking about funding. These are the people that help raise our children. It really does take a village like those people to help raise the kids of our communities, and these are the people that we are asking for money for and I think it is really important to stress that. And it is not just to make you a better musician. I ended up turning out to be a professional musician, but I could have

gone another way.

I ended up going to the University of Pennsylvania when I graduated high school. And I think a lot of that was due to the confidence that I developed from music and from performing to also be good in my other studies and to be a better leader and to be a member of the community through music and the arts.

And then when I graduated from Penn, I ended up going an even more different path. I worked at Boston Consulting Group, which is a leading strategic management consulting firm. And you might say how do you go from that to where you are now. But one of the things about BCG is they were looking for people like me to hire, people who were not just smart and able to do the math and do the analytics, but they also wanted creative people. They wanted people who thought outside the box and were really creative and could make change happen by being creative. And so I had people in my class at BCG who have gone on to write novels, people who also sing. And those creative people were part of the engine of success at BCG.

And I am glad that they brought those kinds of people along because it demonstrates to you that artists aren't just there to become professional artists. They are going to become businessmen, they are going to become lawyers, they are going to be important members of the economy no matter what they end up doing. And what you are funding now is going to help make that happen, make this country competitive. I think it is critical. I don't think it is something that is nice to have. It is a necessity that we have something like this. And I am proud to be here in support of the funding that they are asking for, and I hope that as we are here begging for money, that you all will consider what we have said today and remember the stories of people like me who have been so influenced and so helped by those art teachers, those arts councils that help nurture us and raise us into the human beings that we are today.

So thank you very much.

Mr. Dicks. Thank you. But tell us a little bit about your Show Me Campaign.

Mr. Legend. The Show Me Campaign is a poverty campaign. We actually work with Dr. Jeffrey Sachs, who is with the Earth Institute at Columbia. I am sure most of you have heard of him. He is a great author. He has a new book out. I will give him a plug. And we work directly with him, with the Millennium Promise organization. And I use my music to bring that message to a lot of the young people that listen to me. So Dr. Sachs already does a great job of fundraising. He does a great job of speaking about the issue of poverty. But we try to bring it to an audience that may not have listened before. And we are trying to train them to be focused on the issue of poverty for the rest of their lives, as they are going to make a lot of money and hopefully give back. And we visited Tanzania, we visited Ghana to see the work that is happening there. And we also visited places like New Orleans where we have poverty right here in America as well.

So I think it is a really important subject to be talked about. I guess it is a different subject, but I think it does show the power of music to communicate that message, and we have traveled to colleges around the country, to speak to

students at Columbia, at Tulane. We are going up to Boston to speak to the students at MIT about that subject as well. And I think music is such a powerful way to help bring that message. Not only do we speak about poverty, but we also sing and we give them a nice little show. So I think those kinds of things illustrate the power of music beyond just music, beyond just entertainment to help make change around the world.

Mr. Dicks. Thank you very much for your testimony.

Mr. Legend. Any more questions?

Mr. Moran. The book that Mr. Legend is referring to is called Common Wealth, and it is a heck of a great book. I just wanted to plug it so that others will----

Mr. Legend. Yes, two plugs for Dr. Sachs.

Mr. Moran. Thank you.

Mr. Dicks. Thank you very much. We appreciate you taking the time to be here.

Mr. Lynch. It is great to have John here, and his commitment to being here with us you can see goes beyond, as he goes all around the country.

It gives me great pleasure to introduce a very talented young woman who, like John, is criss-crossing across our Nation's capital to advocate on behalf of culture. I think the Committee will agree that Kerry Washington is a forceful voice for expanding access to the arts for all. And I would ask Kerry to come up. She is an actor who has appeared in such films that you will know as the Last King of Scotland, was wonderful in the movie Ray, and while attending George Washington University as a Presidential Performing Arts scholar, she worked closely with the local theater community and helped create a support system for people of color in the arts called Shades of Fine Arts. And so I would love to have her tell her story to you.

Ms. Washington. Thank you. Good morning. Good morning, Chairman Dicks, Ranking Member Tiahrt, members of the Subcommittee. It is an honor once again to be here with you guys to address this distinguished panel. I am an actor, an activist, a board member of the Creative Coalition and a member of the Americans for the Arts Artists Committee. I want to thank the Committee for their invitation to testify once again on behalf of an issue that has had a profound impact on me personally. I am proud and delighted to testify before you and to participate in my democracy in this way.

Last year, thanks to you all, the NEA received a \$20 million boost over the previous year's funding. So thank you for putting us all on the right track. We must now keep moving in that same direction. Some of my fellow witnesses will lay out the economic arguments, and have, for increased funding for the arts and culture and I certainly echo their message. The numbers don't lie. Arts and culture funding exponentially return the favor back in dollars for local, State and Federal treasuries. And the business world is telling anyone who will listen, governments, school, parents, we need creative people who will think outside the box and who will be at the forefront of innovation in the new global economy. How else can we compete with China and India if we do not?

You and I know where that quest must begin. It is plain and simple. We foster the arts and give all of our Nation's young people the opportunity to excel in their chosen fields,

whatever their chosen fields may be.

You have been provided with evidence as to how restoring the NEA's appropriation to the early 1990s level of \$176 million aids a wide range of activities and communities here in the U.S. I am here because I am living, breathing proof of how the data you have heard and the statistics you have read really exist. With proper support and funding, the NEA has the power to transform and transport a little girl from the Bronx to Broadway, to Sundance, to Hollywood, to the Hill and beyond.

Thoughts of Hollywood were certainly not my reason for being drawn to the arts. In my testimony last year, you might recall how a young child with working parents was a beneficiary of a third parent: Community arts programs, dance classes, art classes, community children's theater. And while these programs were introducing me to the range of artistic expression, the NEA was crucial in helping me see what this expression could lead to. Great works of art all over the City of New York, on stage, thanks to the NEA's discount program, and in great museums, thanks to funding from the NEA to pay what you can for admission. This commitment to nonprofit arts institutions is needed now more than ever, especially in education.

Without getting too specific about what the root causes are, we don't want to point fingers, art has gone absent from the classroom for far too many students. As the employers scream from the mountaintops for creative thinkers, we have unfortunately decided to cut the cornerstone subjects that draw out creativity. Art classes and teachers are not only in the business of training the next wave of artists and art teachers; the skills acquired in arts training may lead to productive careers in art, but they are really a vital piece of the academic development jigsaw puzzle.

My arts training has prepared me not only for art, but it has instructed me in accountability, accounting, responsibility, promptness, leadership, group dynamics, communication, commitment, integrity, perseverance. All of these values and disciplines have helped raise my performance in all classes, in all subjects, in all areas of my life.

At the onset of the HIV/AIDS epidemic in the 1980s, I was fortunate to be part of a high school peer education theater company called Night Star Theater. The program was funded through local grants to arts and education. Our productions entertained high school students and encouraged them through theater and theater games like role playing, to make informed decisions for themselves about safer sex, abstinence, self-esteem, drug abuse, peer pressure and other issues that challenge adolescents. We provided creative and engaging models of behavior and communication strategies, meaning we taught them how to talk to each other and we helped them make decisions that would save their lives through theater. We gave them these tools during a time of hysteria when the myths and fears about HIV/AIDS prevented the kind of open dialogue that developing minds need.

So while I was learning to be a better artist, a better professional, I was also learning to be a social activist, a better American. I was teaching my peers through the language of performance. And through the prism of this theater experience, I discovered a passion for social change and

activism that has left an indelible print on the kinds of roles that I choose to play and on the ways that I use my performance skills to speak out publicly on issues that are important to me as you see before you. Can we agree, Members, therefore that Federal funding for nonprofits arts programs extrapolates in ways that are far reaching and reverberates far past the initial modest investment?

Today, before you is a Phi Beta Kappa magnum cum laude graduate of the George Washington University, who has been fortunate enough to make a living doing what I love to do. I get to be a modern day storyteller, working on sets and on stages as a carrier of our new oral traditions of film and television. It is not bad for a latchkey kid from the Bronx. But my story is not the one I am worried about. If there are going to be more narratives like mine brought before this committee in the future, we must all do our part to ensure that nonprofit institutions maintain healthy bottom lines.

Don't get me wrong, gentleman. I enjoy coming here and speaking to you every year, but I hope to be joined in the future by a chorus of similar successes from different industries. It is not just about programs that send budding talents out into the world in search of fame and fortune. That is not why we are here. We are here to talk about the day-to-day enrichment and possibilities provided to every single American. That is what happens to the arts, whether it is in Tacoma or Wichita or the Bronx. There is a community theater, a ballet, a local arts education program that is vital to the economic well-being, educational development and civil discourse of that local community.

I again applaud you for your historic increase in last year's fiscal year 2009 budget. I think I had a lot to do with it. I know that there are many needs, many needs to be addressed in these economically volatile times. Please let us keep up the momentum and allow arts and humanities institutions to tap our citizenry's creativity, spawn economic prosperity and educate our children.

Thank you so much for having me once again and I am happy as always to answer questions, except about my date.

[The statement of Kerry Washington follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Dicks. I just want to say that we appreciate your coming back and I think you are just a fantastic example of what, funding of the arts and education, what it all means.

Ms. Washington. Thank you, Chairman.

Mr. Dicks. You have been a tremendous success and we are very proud of you. And thank you for taking the time. We recognize that coming here to the Congress in support of this is part of your responsibility. Both you and John and Mr. Redford and others who are testifying, this is very important that the American people understand your support for these programs. It is also important for the Congress, the Members of the Congress to hear directly from you about your experience, and thank you very much for being here today.

Ms. Washington. Thank you, thank you.

Mr. Chandler. Mr. Chairman, I don't know about last year,

but I think she is definitely going to make an impact on what happens, I think it will be a plus.

Ms. Washington. Thank you.

Mr. Lynch. I learn something about my witnesses even as I am sitting here, but you see why we are very proud that Kerry is a member of our honors committee. Our next witness is Jonathan Spector. Some of you had the opportunity to hear last night's Nancy Hanks' lecturer Daniel Pink, and his talk about creativity as the fuel of the 21st century. Jonathan introduced that and talked about that and the conference board and its role in that particular discussion.

He is the CEO of the conference board, the global research and business membership group which publishes a consumer confidence index and the leading economic indicators report, and annually convenes 2000 business executives around the world. Before assuming that position, he was vice dean of the Wharton School of Business at the University of Pennsylvania. I would love to have him present findings of study ready to innovate which explores the effect on the United States workforce readiness in enabling innovation and creativity and entrepreneurship, when arts instruction is de-emphasized today in education on job training.

Mr. Spector. Thank you, Mr. Dicks, Mr. Tiahrt, members of the Subcommittee, thank you for having us here today. The conference board is a not for profit, and non partisan organization. We don't advocate for policy or legislation. What we do do is conduct research on behalf of our members who comprise most of the largest companies in the United States and around the world. I have submitted written testimony on this research.

What I would like now is to briefly summarize some of that. All of our research is really through the lens of what we call workforce readiness; does the United States have and are we building a workforce that has the skills and capabilities to support American companies successfully today and in the future. The answer, unfortunately, is not in every area, and I think this is one we will talk about today.

Just some very simple points on the results of our research. We survey CEOs every year and ask them what their toughest challenges are, they believe that stimulating creativity, innovation and entrepreneurship is one of the top 10 challenges, this is reinforcing from a business perspective some of the things you are hearing from the other witnesses today. We just did a major study called ``Are They Really Ready to Work?'' which looks at the readiness of our workforce.

I will read one sentence from that report, creativity and innovation--this is from hundreds of companies that were surveyed--creativity and innovation and the applied skills that support innovation, like critical thinking, communications and problem solving were considered more important than the traditional skills of basic reading, writing and math. This is a counterintuitive result, considered more important than the basic skills of reading, writing and math. And these companies further stated that the importance of creativity and innovation would only increase in the future.

Furthermore despite the importance of these areas of skill, employers found substantial deficiencies in the workforce from

high school graduates, graduates from 2-year college and graduates of 4-year colleges. We recently collaborated with the Americans for the Arts and with the American Association of School Administrators to survey employers, but also educators, and the results, again, were very consistent. Almost every company and every superintendent that we talked to believed that creativity is becoming more important in the workplace. Seventy-two percent of the employers say that creativity is a primary concern when they are recruiting people like BCG did when they recruited John Legend.

Eighty-five percent of those companies say that they can't find enough people with creativity and innovative skills that they need, so there is a very serious shortage. Despite this, we find that perhaps not enough steps are being taken in the education arena and in the corporate arena. Curriculum to foster creativity is offered by most high schools we found, but it is not a required part of the curriculum in more than half of the high schools.

Similarly training programs for creativity and innovation are offered by most corporations, but 90 percent of them are not required, they are optional.

And finally, our research shows arts is one of the most powerful indicators of creativity and both educators in the business community believe that.

Since I am the last thing standing between you and testimony from Robert Redford, let me be brief and just reflect on my own personal experience as a CEO of several institutions, as an academic at the Wharton School and now a CEO of the conference board. I think about who are the people that I want to work on the most important priorities or to run the organizations that I run? In very simple terms, I want people who can see. And I mean that in the most broadest of definitions; people who can appreciate and recognize patterns; people who can communicate and people like those who preceded me who can command an audience, people who can be part of a team to accomplish a larger goal. These are the sorts of things that business leaders need and want to be competitive and to succeed in our businesses. It is my personal belief that arts, arts education, participation in the arts is something that really fosters this in our workforce and I think we need more of it.

[The statement of Jonathan Spector follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Dicks. Well, thank you very much, you bring an important perspective from the business community and your academic background, we thank you for being here today.

Mr. Lynch. Thanks, Jonathan. Proof positive that today's business leaders in the arts community share a unifying theme in that the arts drive creativity and innovation.

Finally our next witness hails from the world of film but has been a champion of arts and culture in all art forms for many years, and a friend to scores of artists seeking an avenue for their own expression and a friend to Americans for the Arts, it is an honor and pleasure to ask Robert Redford to come and join me here.

Robert Redford, actually Congressman Shays went through a lot of the credits ahead of time so I won't go into that. Robert Redford, as an academy award winning director, actor, producer, environmentalist and activist. A long time advocate for the arts, he founded the Sundance Film Festival and Sundance itself, and is the co-chair of our Americans For the Arts National Arts Policy Roundtable and assembly of leaders in philanthropy, business like Jonathan Spector, government and the arts. I would love to have him tell his story to you.

Mr. Redford. Thanks, Bob, well let me start off by saying I am very happy to have redeemed myself with Congressman Shays, between Barbara and Glenn Close, but it is kind of curious that he didn't mention my films with Jane Fonda.

Well, first thing I want to say because it is important, I want to be able to say what an honor it is to be with my colleagues, John and Kerry, they have made contributions, and I think their presence here speaks very well for why we are all here. And if I touch on points already stated by anybody, you will forgive that, but it is because it is so important that we're here and the cause we're here for, we are pretty united on that front. But thank you for welcoming us here today and I appreciate the chance to communicate with you directly about the value of public investment in the arts.

There have been--as Bob I guess he didn't say it, but there has been some discussions with the Americans for the Arts, for some time now out at Sundance, we have a joint interest in telling the real story of the role of arts in the new century, and of course storytelling is, as we all know, a pretty great and honored art in itself, time honored art in itself and one I am personally pretty familiar with, but these discussions with Americans for the Arts led to a gathering at Sundance in 2006. And what was convened out of that was an organization called the National Arts Policy Roundtable. We held that at Sundance at the village. And by the way, just for some of you folks who might not be aware of it, there is sometimes confusion about where Sundance is. A lot of people think it is Park City, it is not. Park City, we are about 40 miles away higher up in the mountains in a more secluded area. Park City is the infrastructure that serves us well for 10 days in January. So we kind of rent that space, but that is it, it's not Sundance, not to demean Park City.

We convene this thing and the endeavor was marked by a pretty interesting composition of participants, there was a coalition; there was businessmen, there were corporations, foundations, lieutenant governors, chief economists, CEOs from Silicon Valley, in addition to the Americans for the Arts. And the conference was founded on the premise that arts are critical to all aspects of our society.

So those gatherings have been not only exciting but really, really valuable and they are discussed more in detail with the written testimony that I have submitted to you.

And I hope that some of you will be able to join us in our next conference, which will be a regular, annual thing September 26th to 28th, you are all welcome.

So developing the creative instinct as the folks here have said really, really pays off. It can result in a powerful economic driver in communities both large and small clear

across the country. And the best thing I can offer is a personal example of the benefits of that, so if you will forgive the self-serving tone here, but I would like to talk about taking Sundance, for example, which I started with a grant, maybe some folks don't know this. But when I had the idea, it was a new idea, and new ideas unfortunately nobody votes for, so you have to get out there and crank it up yourself.

I felt that because of my reputation at that time, which was as an actor, and a lot of people didn't trust actors when they tried to do something new. When I was doing environmental work in the 70s, I would get hammered pretty good, what does he know, he is an actor. And then Reagan got elected and took that off the table, that helped. But still in all, I was still concerned about my credibility in trying something new, so I went to the NEA and I wanted the imprimatur of the NEA's credibility to start this new idea. So that happened, and I think it is important for you all to know that that was the seed that began what eventually became Sundance.

So I started that in 1980, it was a shoestring to be sure, but that was a start, and I think then it has grown. I think some of you may recognize it has grown pretty dramatically over time and served as an inspiration for creating other Sundance entities like the festival, not nonprofit festival. Sundance Institute is nonprofit. There is a line between what the nonprofit does which is the seed thematically of everything we do. I would say you could say our mission is contained in the nonprofit. And then at a certain point when the nonprofit reaches a certain critical mass or break point, you can move into the profit zone and that is where the trouble starts.

But at any rate, the other Sundance entities, the festival in the 1980s, and the catalogue and the Sundance Channel, which I am happy to say Kerry has just given us a piece of her valuable time. And the newly formed Sundance cinemas, which has opened in Madison, Wisconsin and San Francisco.

In addition, the lab that started just for film has expanded to include theater and music and documentaries, and now producers. So I think that this, in turn, has created an economic impact in multiple sectors around the country. But I would also say cultural as well.

For example, cultural example is when we structured--when we went international with the festival, it was about 1991 or '2, once that platform was established, all of things when they started there was some time when we didn't know it was going to make it. Once you knew you were solid enough to continue and grow, we went international with the festival at the same time that global barriers were dissolving and the world was becoming more one. We could take advantage of that by bringing filmmakers and artists all over the world to Sundance and we could go to their area.

So that in a sense, I guess you could say rather than film just being used as straight out entertainment, we formed something that provided more like a cultural exchange program, something I am pretty proud of.

The Sundance Festival, which is a 10-day event, generates between 60 and \$64 million annually in economic activity from the State of Utah, that is fairly significant. When you add the

global impact of the filmmakers who are nurtured at our film labs, you are around programs that are launched at our festivals, then the economics become fairly significant. And actually, that is really part of the story, because the Sundance entities employ 900 full-time and another 400 seasonal employees a year.

One of the most inspiring things for me, however, is the consistent pool of 1,500 volunteers who come from all over the country and the world to help run our festival, in exchange for what we think are pretty good cultural experiences that it offers them. So obviously, I am here because, like everybody else, I feel the arts are a very, very solid investment, I think cultural experiences enrich the performance of workers in every sector.

And in our competitiveness and global economy will thrive in ways not even possible without creativity and innovation in forming how we are going to be coming to the table. I have never felt more strongly that education in the arts is an essential goal for the 21st century. And I think it should also start before kindergarten and should go all the way through life. If we could establish that as a reality, then in an American educational program, then I think that we can effectively foster and develop skills necessary for creative innovation.

On a personal note, as a kid growing up, my personal road into this as a kid growing up, I grew up in Los Angeles in a lower working class community, not much available to us, education system was kind of crippled because a lot of valuable teachers were off to the war which was still going on, and I was classified as a problematic child. I was always out the window with my attention, I always wanted to be in sports, I wanted to be physically moving, nothing excited me in class, I was not inspired, I was classified as problematic or dumb, which was kind of hard to live with.

But something happened that was a major turning point for me, in the third grade, I would draw out of boredom, I would draw while the teacher was talking. She got insulted and she wanted to punish me. She said I guess you have something more interesting to do there, maybe you would like to show the class. I was embarrassed and humiliated and I went up and I showed what I was doing. And something happened that was extraordinary, she, I think, recognized that this was a valid expression, that art was a valid expression for me.

And rather than put me down, which could have ended something right there, she encouraged me. She said well, you are telling a story then? I said, yeah, I guess that is right. And she said, why don't you do this every week day at this time and you'll come up and you'll draw us a story. And so I did, and suddenly something shifted where I didn't feel quite so bad after all. And I don't know what would have happened had that teacher not recognized that through this educational system. I don't know where my life might have gone. I don't know what-- whatever has happened to me now, I don't know where it would have gone.

Sometimes I wonder where I am right now in the sense that just when you think you are feeling good about yourself, I was having dinner not long ago in a restaurant and this big table

of folks was sitting there and they were looking at me and winking and smiling and nudging each other, and I thought, well, what is going on there?

Finally this guy gets up and he comes over to my table and he said, hey, I am really, really sorry to bother you, he said, I have to tell you, I love everything you have done. I said, well, thank you. I mean the whole time, all the work you have done. It is just--I am just a fan and I am sorry to interrupt you but I had to come tell you that.

I said, thank you. He said, really, I think what we enjoy most of all is your salad dressing. So I think those humbling experiences are important for any artist.

But how all this is going to play out is something that can effect any sector. Every new innovation, whether its in the field of science or engineering or medicine, music is going to be driven by this creative process. And with a new administration is always coming--coming new opportunities. It is my hope and this word comes to why I am here directly, it is my hope that you would take an even bigger leap for the arts.

Bob has made it very clear, others here have made it clear, what we have is appreciated, but there is so much more that can be done. When you see the example of people like John, myself, Kerry and what might have gone a different direction and why we're here today, it is important, and there are many, many more like us out there potentially, and more funding will bring more forward and it is going to be a greater boon for our society.

So I think the other thing that has been very painful for me over the years to watch how art was treated when I would see art subsidized in other countries. I would say, why don't we have a subsidy considering the size and strength of our country. Why is art always pushed to the side? Why is it always relegated to the back of the heap, either ignored, or in more dire political circumstances, trying to be erased as though it was dangerous? I don't equate a painting in the same way a drive-by shooting occurs, so I say what harm, what harm? It is a freedom of expression. Isn't that one of our democratic principles we are supposed to be proud of?

So it is a big deal for me. I am here to say that as much as we appreciate the 144 that is there and what increase could come. In my opinion, we need \$500 million. And \$500 million would just create all kinds of benefits that it makes inspiration for. First of all, when you stop and think, there is nothing out there that didn't start without a creative idea. When you think that a creative idea, as we have seen recently in Silicon Valley in the last 20 years, a creative idea that is brand new that can sponsor an innovation, that leads to a new industry, that leads to new jobs, that is pretty great economics. So I feel pretty strongly about that.

It is my hope that in addition to the greater increase for the NEA that there could be a separate major arts educational initiative in the schools, because it is in those schools, that is the structural avenue that people can come through, and therefore the funding has to go there.

So to get to the point that we can offer at Sundance to help do this, I would ask that you consider the partnerships of the Americas for the Arts, the NEA, and the National Arts

Policy Roundtable that was started at Sundance in 2006. That together we could, that we could hold hearings or help you hold hearings around the country. This partnership can help organize these hearings for you, and conduct the kind of research that you all may need to help make the case that we're here to make ourselves. With having said that, I am very pleased to be here, I am honored to be here and thank you for your attention.

[The statement of Robert Redford follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Dicks. First of all, thank you very much for taking the time to be here, I remember that in 2003 you were here for the Nancy Hanks lecture and I had a chance to have dinner with you afterwards, and it was a highlight of my career.

Mr. Moran. That has been a full career.

Mr. Dicks. Very full career. And just like we were watching the Nationals the other night and Zimmerman comes up in the bottom of the 9th and hits the home run to win the game, the first game at the new stadium, you had to think of Roy Hobbs in The Natural. You have been The Natural for the country, frankly. I really do appreciate your leadership on the environment, for the arts, being involved in the arts policy, activities of the alliance. And I think you are absolutely right, this is well beyond the National Endowment for the Arts. This is absolutely essential to every school in the country, the fact that we are working away from arts education when we should be embracing it because of the fact that it does help students in their other subjects.

Mr. Redford. Can I add one more thing to that?

Mr. Dicks. I think it is absolutely essential that we do this.

Mr. Redford. Thank you, Chairman. Can I add one more----

Mr. Dicks. Sure.

Mr. Redford. It might be of interest to the mayors. The mayor from Hawaii was mentioning the role of mayors and you were acknowledging that. Around the--at the same time the Americas for the Arts in Sundance, we had a mayors' conference for global warming, and the idea was that since nothing was coming from the top, that it would come from the bottom, grassroots would be more effective in contrast to what we were getting and also more democratic in terms of what we are getting so we had that. And these mayors came and out of this conference about global warming, you can compartmentalize down into several aspects, from water, air and so forth.

The Coalition of Mayors was formed in Texas to find some very, very dangerous polluting, coal-fired powered plants. Well, what we did at Sundance we said, you did that, that is what you mayors have done. Now what we are going to do is bring art to the table, and so we are going to film your process. That film process led to a project called Fighting Goliath, another one called The Unforeseen, which is a good example of how art and other aspects of our society can connect, whether it is politics or science or what have you. And that art can really tell the story that you all are working to get told, that is another valuable asset.

Mr. Dicks. I agree with that. Mr. Tiahrt.

Mr. Tiahrt. Thank you, Mr. Chairman. I just wanted to tell Mr. Lynch he did a great job of organizing a broad appeal for funding for the arts: Mayor Hannemann with his 8-point plan including an extension of the arts; and John Legend, talking about how arts benefit the corporate world as they did at BCG; Kerry Washington, a living breathing example about how funding for the arts can be a success story; and of course, John Spector, using facts to try to back up the argument, I thought did an excellent job presenting; and Mr. Redford who makes a strong point that the arts are very influential on our culture. And they bring something beneficial to our culture economically, as well as expanding it in the arts.

You know, after The Electric Horseman, I went out and bought a brand new pair of boots, cowboy boots, wore them out. It does have a great impact on our society when you remember that. I think what you brought out, Mr. Lynch, about how cities and States step up to the plate and contribute billions to expanding the arts is a very important point, that we can leverage those things. And through whether we can get \$144-plus million in our budget, whatever the amount is, hopefully more, I think we can leverage that very well, and you brought up a very good point. So thank you for bringing such fine witnesses and making such a strong case. Thank you, Mr. Chairman.

Mr. Dicks. Mr. Moran.

Mr. Moran. Thank you, Norm. I share those sentiments, Mr. Lynch. And I appreciate the fact that we have the highest concentration of arts in my district. It wasn't always that way. When I was mayor of Alexandria, we had this massive Torpedo Factory that was being unused, and we converted it to an art center. And people said we would never be able to fill it because it is so large, the opposite has been true. What people couldn't imagine is the economic boom it has meant to all of Northern Virginia. We are very proud of that. I know all of us have examples of where that has been the case.

It is especially nice, Mr. Chairman, to see people who have the ability to attract us and to entertain us, but also to show the depth of their intellect. Mr. Legend, Mr. Washington, that was certainly the case. It is compelling testimony that you were willing to share with us, obviously you as well, Mr. Redford. It is obvious that all three of you wrote your own testimony. I was a little disappointed that you didn't share all of your prepared statement because in the prepared statement, Norm, Mr. Redford described how he got carried away with sketching and would climb under the table and sketch people's feet, which was a dimension of your personality that I never really fully appreciated, but that is a neat story.

There are teachers when you can find a teacher that understands what turns someone on and defines who they are and can be, that is neat. And I hope that she realize who it was that she got started in an artistic career, it is a great story.

Norm, thank you for giving us the opportunity to have this hearing, and I trust it will be a major contributing factor to your ultimate objective, which is to give the arts the kind of priority that it deserves in this country.

Just one other thing, and I don't want to speak too much,

but I have been sitting back listening, and one of the things that has occurred to me, when you think about 9/11, we have such a transformative, adverse impact upon our society and our economy and so on. I read a couple of books about when they look into who those people were who carried out the attack on 9/11, and they make up the composition on people who become terrorists and threaten our way of life. Turns out that almost invariably, they are well-educated, but they have been educated in engineering and mathematics, in kind of the hard sciences, very intelligent people.

When they looked at the curricula that they have studied, they found almost, without exception, that it was devoid of courses in philosophy and comparative religion and the literature, particularly of the western world, but it would apply to the eastern world as well, and the humanities in general, but particularly in the arts. And those who have reflected on this realize that it is the arts that give us the ability to empathize with the other, that is one of the driving purposes of the arts. We don't go see a movie or read a book to necessarily see ourselves reflected, but to learn about the world around us. And it is that dimension that is so often lacking, and you wonder what we could achieve if we could simply make the arts available in a far more accessible way throughout the world.

I just came back from Afghanistan, Pakistan and Iraq, and, you know, it is not just the creation of civil society, but the civility of society, the ability to refine, reflect and empathize with others. And so we appreciate the fact that you get it and you want the rest of this country to get it and we thank you very much.

Mr. Dicks. Mr. Chandler.

Mr. Chandler. Thank you, Mr. Chairman. I consider myself to be extremely blessed in many ways in my life, but one of the greatest blessings that I have been afforded was to have a mother who is an artist and a very fine one, in my own opinion. It may be a bit biased, but I think she is. And throughout my childhood, she inoculated me with the notion that creativity was utterly important, that it had to be promoted and encouraged in every way possible.

Now, her efforts with me didn't do much good, but at least she got me to understand and appreciate the importance of creativity in others. And the case that you are making, the case that Mr. Redford is making and so forth, about the importance of creativity to our economic advancement, I just think it is absolutely on target, absolutely right, particularly in the economy that we are in today. We need to encourage it, we need to invest in it as much as we can. It does create jobs.

In fact, thank you, Mr. Redford for employing my own cousin at your art shack at Sundance. I can tell you firsthand it creates jobs.

Mr. Chairman, you can put me down as one vote absolutely for the \$176 million figure and I would like to work toward the \$500 million.

Mr. Dicks. We appreciate your enthusiasm. Mr. Pastor.

Mr. Pastor. Thank you, Mr. Chairman and I would also like to thank all the witnesses for their testimony this morning and

into this afternoon. I would like to thank the artists who were here for the talent I have shared with them, either on the movie screen or, in some cases, a concert and the CDs, and--but I would like to thank them for continuing to be an advocate in this country so that this country will have the juices out there, the ability out there to have the dreams that young people have that some day they will be realized by having art in the schools and available to them in museums and in our communities.

So I thank them for being advocates for that venture, and about the only disappointment I do have is the gentleman at the restaurant. I was sorry we didn't have the salad dressing.

Mr. Dicks. Thank you all for coming, and I just want to wrap this up. Robert, thank you again for the great job you did in the arts advocacy, all your good work, thank you for the witnesses. We will do our very best. We are challenged. The President cut our budget by a billion dollars from last year's level, the entire budget, and we are faced with the reality that since 2001, the Interior Department's been cut 16 percent, EPA has been cut 29 percent, the Forest Service is cut 35 percent. So we are in a very difficult position but we will just do the best we can. The Seattle Seahawks said that you have to play the hand you are dealt. Well, this year we got dealt a bad hand and this year we will do the best we can with it and especially for the arts.

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Tuesday, March 11, 2008.

NATIONAL ENDOWMENT FOR THE HUMANITIES 2009 BUDGET REQUEST

WITNESSES

BRUCE COLE, CHAIRMAN, NATIONAL ENDOWMENT FOR THE HUMANITIES
JESSIE GERSON-NEIDER, TEACHER, PROSPECT HILL MIDDLE SCHOOL, SOMERVILLE,
MASSACHUSETTS
STEVEN WHEATLEY, VICE PRESIDENT, AMERICAN COUNCIL OF LEARNED SOCIETIES,
NEW YORK, NEW YORK

Opening Remarks of Chairman Dicks

Mr. Dicks. The Committee will come to order, and Bruce, I want to welcome you back to what I believe is your seventh appearance before our Subcommittee presenting the budget for the National Endowment for the Humanities. If I am correct, later this spring you will pass the milestone of being the longest serving director of the Endowment. This is a remarkable accomplishment, not just because of your longevity in the job but also because of your contribution to preserving and advancing the cultural heritage of our country. We appreciate your service to the country. Thank you.

Speaking for myself, it is no secret that I believe that this country's investment in the humanities and the arts has been woefully underfunded during the last dozen years. Your current appropriation request of \$144 million, which is

essentially a freeze at the 2008 level, is still \$33 million below the level provided in fiscal year 1994. Factoring in inflation, our support for the NEH this year is 40 percent below the level 14 years ago. In my opinion, those lost dollars are lost opportunities for investment in programs which enrich our culture and strengthen our democracy.

I will also observe, however, that I believe NEH has done a very good job with this amount of resources which have been provided. Your We the People program has tackled head on what you have described as the country's historic amnesia. The new Picturing America program within We the People is an exciting new addition which we understand will soon be in schools and libraries throughout the country. I appreciate your coming up and personally showing me some of the pictures done by some of our best artists. In fact, I am going to send my set out to my grade school in Bremerton, Washington, Naval Avenue Grade School, because I was so impressed with them. My mother went there too before I did. Naval Avenue is the name of it. You would not expect that in Bremerton, Washington, would you?

Later this week the House will debate a budget resolution for 2009, which we hope will allow the Subcommittee to expand its support for the arts and humanities as well as for other programs under our jurisdiction. I, for one, hope we can at least get to \$160 million for the fiscal year 2009, which was the level originally approved by this Subcommittee last year for 2008, and I am hopeful the President will be more flexible in negotiating these numbers with the Congress this year than last. As chairman of the NEH, maybe you can remind him to worry a bit more about history during his last year in office.

Bruce, we look forward to your testimony and to working with you on this year's budget, and I do mean it, I think you have been one of the finest, if not the finest, chairman that we have had and certainly the most energetic and hardworking in expanding this program all over the country. I think it is a great tribute to you and to your service.

Mr. Dicks. And now I will turn to Mrs. Emerson to present her statement.

Opening Remarks of Mrs. Emerson

Ms. Emerson. Thank you, Mr. Chairman.

Dr. Cole, it is so nice to have you here today. Thank you so much, and we are grateful that you are here to present the fiscal year 2009 budget request. Let me also say that I am going to submit my colleague Todd Tiahrt's remarks for the record because I think that it would be a little weird for me to talk about the role that you have played in his home State of Kansas.

Certainly I want to commend you for all the work you all have done in Missouri. It certainly has made a difference in the lives of so very many people, all of those who your programs touch, and I continue to be a big fan of the National Endowment for the Humanities and appreciate your fine work and that of your staff, and the interest that you all take in trying to educate not only our young people but people all across the country.

So with that, I will yield back to you, Mr. Chairman.

[The Opening Remarks of Ranking Member Todd Tiahrt follow:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Dicks. Bruce, you may proceed as you wish. I understand you may want to do a short video. We are at your pleasure, and we will put your entire statement in the record. You can summarize or read it or do whatever you want.

Opening Statement of Bruce Cole, NEH Chairman

Mr. Cole. Thank you very much. Thank you, Mr. Chairman, and thank you, Mrs. Emerson. I am delighted to be here and I am honored to appear before you to speak on behalf of the budget request for the National Endowment for the Humanities for the seventh time. I hope I have not worn out my welcome.

Mr. Dicks. No, you have not.

Mr. Cole. I ask that my prepared remarks be entered into the record.

Mr. Dicks. Without objection.

Mr. Cole. Thank you. The Administration and the NEH are requesting just over \$144 million for fiscal year 2009. This includes \$20 million for the Endowment's ongoing We the People program. I appreciate the Committee's strong support for the Endowment, We the People, and our partners in the State humanities councils.

Last year at this hearing I recounted the many ways in which We the People fulfills the Endowment's mandate to bring the humanities to citizens all across our Nation. Today I want to discuss the newest element of We the People, an initiative called Picturing America. On February 26, I joined President Bush and the First Lady at the White House for the national launch of this initiative, which supports We the People's mission in a unique and exciting way. I wish to thank the Subcommittee for its support for Picturing America. As you know, last year's report language specified that, "Expansion of the new Picturing America program into a nationwide effort should be given the highest priority." To give the Committee an overview of Picturing America, I would like to play a short video produced by the Endowment's friends at the History Channel.

[Video.]

Mr. Cole. Picturing America strengthens our democracy by using great American art to ensure that our common heritage and ideals are known and they are studied and they are remembered, and of course works of art are more than mere ornaments for the elite. They are primary documents of a civilization. They tell us where we have come from, what we have endured and where we are headed. With this in mind, the NEH has chosen notable works of American art that will bring our history and principles alive for students and citizens of all ages. Picturing America includes beloved works such as Washington Crossing the Delaware.

[Posters.]

Andrew is going to do the Vanna White thing there. We get an idea of what they look like. They are very, very high

quality, fidelity reproductions. Norman Rockwell's Freedom of Speech and Frank Lloyd Wright's Fallingwater.

Through Picturing America, the NEH is distributing 40 large high-quality reproductions of these masterpieces to tens of thousands of schools and public libraries including private, parochial, and charter schools and home school associations. We already have tens of thousands of applications. These schools and libraries get to keep these reproductions permanently, ensuring that the program's impact will be felt for years.

Mr. Dicks. We are going to go over and vote and come right back. I am sorry about this.

[Recess.]

Continuation of Mr. Cole's Opening Statement

Mr. Dicks. Bruce, why don't you go ahead and finish your statement?

Mr. Cole. Okay. Welcome back. I forgot to say when Andrew was showing the reproductions that in this age of global outsourcing, those are 100 percent made in America.

Mr. Dicks. Wonderful. We appreciate that.

Mr. Cole. So these reproductions, 40 of them are being distributed to tens of thousands of schools and public libraries including public, private, parochial, and charter schools and home school associations. They get to keep these, and this will ensure that this program's impact will be felt for decades. Accompanying the reproductions is an in-depth teacher's resource book which helps educators use the images to teach history, literature, and other subjects. The Endowment is also pleased to offer a dynamic website located at PicturingAmerica.neh.gov. This site provides access to all the images, scores of lesson plans, and detailed information on the art and artists.

The scope of this program is unprecedented for the NEH. Through Picturing America, we are extending the Endowment's reach exponentially and broadening public awareness of the humanities, especially in rural and underserved areas where students may never have had a chance to visit a museum. In fact, almost half of the pilot phase recipients were in towns with fewer than 25,000 people, places like Aberdeen, Washington, and Mountain View, Missouri, and I am proud to say that the Naval Avenue Elementary School in Bremerton has applied for one of these sets.

Mr. Dicks. Wonderful.

Mr. Cole. So Picturing America can reach every student in the United States for less than the cost of a first-class postage stamp per student. Two months ago we began accepting applications for Picturing America awards for fall 2008. Since then Picturing America has received more applications than the NEH typically receives in four years for all its grant programs. In fact, we are averaging over 300 applications a day.

Picturing America enjoys support from a wide range of federal agencies: Institute of Museum and Library Services, the Office of Head Start, and the National Park Service. So we are pleased to be able to partner with our other federal agencies. The Endowment has also forged other partnerships with a number

of non-federal supporters: the History Channel, American Library Association as well as a number of private philanthropists.

We are also excited about the role the State humanities councils are going to play. The councils have been integral to the success of We the People and we look forward to their contributions to Picturing America.

To give the Committee an educator's perspective on this program, I now wish to introduce one of the stars of the video you just saw, Ms. Jessie Gerson-Neider, who is to my left, who teaches English at Prospect Hill Academy in Somerville, Massachusetts.

Mr. Dicks. You are very welcome. We are glad to have you here.

Statement of Ms. Jessie Gerson-Neider

Ms. Gerson-Neider. Well, thank you for having me here and I am very excited and honored to have the opportunity to speak to you about the work that my students and I are doing using Picturing America in our classrooms.

I teach seventh grade English and history at Prospect Hill Academy, which is a K-12 Title I charter school in Somerville, Massachusetts, and the students who we serve are largely first- and second-generation Americans. Their families come from all over the world: Haiti, the Dominican Republic, Puerto Rico, Peru, Colombia, to name just a few. Our focus is on closing the achievement gap and preparing our students for college.

About a week ago I told my students that I would be coming here to speak with you, and one of my students, Helen, was quick to inform me that they should be the ones taking these matters in hand. She said, and I quote, ``No offense, Miss G, but we are way cuter and we always know what to say.' ' And she is, as usual, correct. So what I would like to do is accept Helen's considerable wisdom and share several snapshots of my students doing what they do best, which is thinking and learning and questioning and making sense of the world around them, and I hope that through this I can demonstrate why Picturing America is such a unique and valuable resource.

One wonderful thing about teaching history and working with first- and second-generation Americans is that they have a pretty unique perspective on what it means to be an American, that it is less an automatic and homogenous birthright and instead is more of a process and even a privilege that comes with both rights and responsibilities and often at considerable cost to them and their families.

The art featured in Picturing America is remarkable in part because it allows students to contextualize this particular experience within the broader narrative of what it means to be an American. In one exercise, my students selected the 10 images they found the most powerful in the series and they laid them out in chronological order and then they did what we call a gallery walk with the purpose of making connections between those images that they had selected and what it means to be an American. In the follow-up discussion, one of my students, whose mother is a recent immigrant from Haiti, was particularly struck by a trio of pictures: the 1846 painting, County

Election, by George Caleb Bingham, and the iconic 1965 photograph of the march for voting rights from Selma to Montgomery, and finally the 1996 sculpture of a crooked ascending ladder titled the Ladder for Booker T. Washington. She kept coming back to these three images, pointing out details she was noticing and differences and similarities between them, and finally with the help of her classmates she articulated her conclusion. She said, ``For some people like in the first picture, the County Election, being American is easy, but for lots and lots of people like in the other pictures, being American is hard and maybe that makes being American even more special because the things that you have to work hard for matter the most.'' This is sophisticated analysis coming from a 13-year-old but sophisticated analysis is exactly what Picturing America is so good at drawing out of students.

As a teacher, I know the best kinds of learning draw on students' own experiences, helps them create connections to those experiences and then pushes them even further into new and uncharted territory and gives them a sense of the scale and scope of this country and its history. One of my students, who has not traveled widely outside of our immediate urban area, wrote a short response that she shared with her classmates regarding just how struck she was by one of the 19th century landscapes. She said that it was not like anything she had ever seen before but that somehow the painter was showing her just how big the country really is. ``There are parts of this country that do not look anything like Boston,'' she said, ``and I want to see them.''

Because it is visual and therefore forces students to pay attention to details and to make challenging inferences and connections, Picturing America is uniquely well suited in ways that textbooks, and even teachers unfortunately, are not to helping students learn the skills of critical thinking and reasoning. As one of my students put it, ``Teachers are always talking. They always want us to learn with our ears. But sometimes I want to learn my way with my eyes.''

And because Picturing America is so rooted in the fundamental question of what it means to be American, it gives students a vital and important framework in which to use these powers of analysis. This is an invaluable resource in our classrooms, and while my students, much to their chagrin, could not be here today, I hope that through their words and experiences that much has been made evident.

So I would like to thank you again for the opportunity to speak here and I would be very happy to answer any questions you might have.

Mr. Dicks. Thank you very much.

DIGITAL HUMANITIES PROGRAMMING

Mr. Cole. Thank you, Jessie, for helping us see how Picturing America can be used in the classroom.

The Endowment is very excited about the potential impact of Picturing America. Our mission under We the People and our mandate as a federal agency is to democratize the humanities and bring them to as many citizens as possible. Picturing America helps us fulfill both these goals.

Another way the Endowment is democratizing the humanities is through our work in the digital humanities. The humanities are a dynamic enterprise and the NEH has a duty to stay abreast of changes in our field and provide leadership where it can be most effective. We are doing exactly that through our Digital Humanities Initiative, or DHI, which we launched in 2006. The international nature of the digital humanities is particularly important. Digital technology allows nations to collaborate more closely in the humanities so the Endowment is actively pursuing joint efforts with our international peers in order to fulfill the charge in our founding legislation to foster international programs and exchanges.

For example, we recently joined with Britain's Joint Information Systems Committee, or JISC, to award Transatlantic Digitization Collaboration Grants. These grants will help build a virtual bridge across the Atlantic through the support of digital projects that will unify American and British collections of artifacts, documents, manuscripts, and other cultural material. Last year the NEH entered into a similar partnership with the National Research Council of Italy, and we are working on other such collaborations with agencies in Japan, China, Germany and Mexico.

I would now like to introduce Mr. Steven Wheatley, the vice president of the American Council of Learned Societies. Much of the Endowment's digital humanities work has been informed by a 2006 ACLS report on this topic, so I am pleased that Mr. Wheatley has joined us to share his insight.

Statement of Mr. Steven Wheatley

Mr. Wheatley. Thank you. Mr. Chairman and Mrs. Emerson, it is an honor to testify today. I want to thank the Committee and Chairman Cole for the opportunity to speak briefly about the digital humanities. Digital information technologies are transforming the economic, political, and cultural life of our Nation and indeed the world. The humanities are taking part in that transformation but need help to do more. The NEH under Chairman Cole has begun to provide support and leadership to address this challenge.

As Chairman Cole mentioned, I represent the American Council of Learned Societies, a federation of 69 scholarly associations in the humanities and related social sciences. In each of the past five decades, our council has issued a report on how technologies can aid scholarship and teaching. Our 2006 report titled ``Our Cultural Commonwealth: A Report on Cyberinfrastructure for the Humanities and Social Sciences,`` sought to provide decision makers in higher education, government, and private philanthropy a prospectus for making digital investments.

Now, what will be the return on investment in the digital humanities? First, digital technologies dramatically increase access to original materials and to the means of understanding those materials. Massive digital collections of books, articles, images, and sound ease impediments of time and distance. The works of Confucius, Cervantes, Thomas Jefferson, Harriet Beecher Stowe, and Frederick Douglass are now accessed with a few mouse clicks. The University of Nebraska's Walt

Whitman Archive, supported by the NEH, provides access to multiple varying editions of Whitman's work as well as to images of unpublished manuscripts. The student, teacher, or general reader is no longer restricted to the holdings of nearby libraries.

Investments in the digital humanities are also yielding rich returns in the classroom. The Center for History and New Media at George Mason University, which received a challenge grant from the NEH, offers History Matters, an online U.S. history survey course for high schools and colleges around the world.

The digital humanities require special investment because they cultivate more than mere information. Having masses of text, images and sound online is not enough. If digitized materials are to be broadly useful, they need to be accompanied by tools for navigating, selecting, and analyzing the information available, tools, that is, for turning information into knowledge. Humanities scholars must apply their critical expertise to the selection and presentation of materials and to the development of tools for their use such as search engines, online reference, and standards for classifying data.

The Endowment's Digital Humanities Initiative, now established as the Office of Digital Humanities, seeks to make strategic investments to put that expert knowledge on line. I know that Chairman Cole and NEH program officers are thinking carefully about how their grant making fits into and enhances the developing cyberinfrastructure. The Endowment's selection criteria for digital projects focus not on technical innovation for its own sake but on how new efforts will add value to the sustainable work already in place. NEH investments by design leverage and complement investments from other sources.

I very much hope that the Congress will provide the appropriations to continue this important work of assuring that the information age is also an age of knowledge. Thank you very much.

Continuation of Mr. Cole's Opening Statement

Mr. Cole. Thank you, Steve.

As you can see, digital technology offers the NEH an unparalleled opportunity to fulfill our mandate to democratize the humanities, and we are pursuing that opportunity aggressively.

This afternoon I have only scratched the surface of the Endowment's contribution to our Nation. What unites all our efforts from We the People and Picturing America to our support for the digital humanities and all other grant programs is our mission to bring the humanities to every American. Our agency's founding legislation declares that democracy demands wisdom and vision in its citizens. We take this charge seriously and we are proud of the NEH's continued role in cultivating the enlightened citizenship required for our national survival.

Mr. Chairman and members of the Committee, thank you again for your continued support for the NEH, but before I relinquish the microphone, I want to invite you Committee members and your staff to a special event this Thursday evening from 5:00 to 7:00 p.m. The co-chairmen of the Senate Cultural Caucus,

Senators Kennedy and Coleman, are hosting a reception in the LBJ Room to celebrate the launch of Picturing America. I hope to see you there on Thursday night.

I look forward to answering any questions you may have.
[The statement of Bruce Cole follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Mr. Dicks. Let me ask Jessie a question. Tell us a little bit about how you use these pictures in your classroom. Did you do your own curriculum? Tell us a little bit about that.

USING ``PICTURING AMERICA'' IN THE CLASSROOM

Ms. Gerson-Neider. Sure. The librarian shown in the film is unbelievable. She is also a good friend of mine and she is the person who wrote the grant that got these resources for our school, and so she led a series of really focused workshops on ways that we could use those materials in our classroom, and as a result these are being used--I teach English and history. They are also being used in the art classrooms. They are also being used in our reading and research classroom, which is a literacy-building course that we have put in place to help kids with ESL reading issues. So what I am doing is based on information that I got from the user-friendly handbook that comes with the posters, but I would say that I have taken the information and I am probably at this point developing my own lesson plans from it, which I would imagine would be the ultimate goal since it really makes more flexible what you can do with them in different classrooms.

Mr. Dicks. And obviously the reaction of the kids has been very positive.

Ms. Gerson-Neider. Oh, they love it, and they have particular favorites. Dorothea Lange's photograph ``Migrant Mother and Children,' ' any time we are doing any kind of writing project they want to use that picture hands down.

Mr. Dicks. So how long have you had this?

Ms. Gerson-Neider. I think that we had had the resources in the school since perhaps earlier in this school year we got them and it is amazing how quickly they have become pretty ubiquitous in the classrooms.

BUDGET FOR ``PICTURING AMERICA''

Mr. Dicks. How much do we have in the budget to do this? I mean, what if everybody in the country, what if the whole world wants it? What are we going to do?

Mr. Cole. The whole world, we have not counted on that. We figure on the basis of the pilot.

We figure that we will probably get half the universe of American public libraries and schools of all types. That is about 70,000. This is the first implementation phase of the initiative. The deadline for this is April 15, and then we will run one more application competition.

Mr. Dicks. Tax day.

Mr. Cole. That is right.

Mr. Dicks. We want the American people to know they are getting something for their money.

Mr. Cole. That is right. And then we will have another round of competition, which will end in late fall. So we figure we will probably get about as many as we are going to get, about 70,000, which is half the universe of public libraries and schools.

Mr. Dicks. And we have enough money to do that?

Mr. Cole. We do.

Mr. Dicks. The last thing we would want is not to be able to finish this.

Mr. Cole. Absolutely, and we made sure when we were planning this that we had enough money to fulfill these 70,000.

Mr. Dicks. What do one of these kits cost?

Mr. Cole. Well, you know, it all depends on how many we are going to produce but probably anywhere----

Mr. Dicks. The price goes down if you----

Mr. Cole. Right. It depends on the volume, but you get the 40 poster reproductions. I wish we could show you that teacher's guide so----

Mr. Dicks. Do you have the pamphlet?

Mr. Cole. It is really a beautiful guide that gives the teachers more information about the works and about the artists and about the events, people and places it portrays, and then there is also the website. But the actual production of the posters, the kit, they come in a special box, will vary. We estimate somewhere between \$100 and \$120 per set, which is really incredible. So, you know, we figured it out for the entire universe, if we were to give a kit to every school and to reach every student in the United States, which I do not think we are going to do just because I do not think that is going to happen. It would be, per student, less than the price of a first-class postage stamp, about half the price of a postage stamp. So it is an incredibly economical resource, and once the schools get it, they keep it and we hope that it will stay there for decade after decade after decade.

SUPPORT FOR DIGITAL HUMANITIES PROGRAMMING

Mr. Dicks. Mr. Wheatley, we appreciate your being here today as well and the Learned Society and your historical work on digital humanities. How do you think that is going? I mean, your testimony is very positive but, I mean, are you concerned? Would you like to see it expand, or what can you tell us? Since it was your idea, I guess, the Society's idea originally.

Mr. Wheatley. Yes, we represented a broad spectrum of opinion that came together in this report. I think that the Digital Humanities Initiative is very well begun. It could be bigger. The work that it does, as I tried to suggest, leverages a great deal of extra funds because the basic infrastructure, the computers, the servers, the pipes of connectivity, that is there. What we need is the scholars who can help put collections, databases, these teaching materials up there and add to it. So every dollar that the NEH and the Federal government puts in is by definition matched by contributions from the universities where these scholars are working. So I think it is a very efficient means and it could be easily

expanded.

Mr. Dicks. What is in the budget for Digital Humanities?

Mr. Cole. Two million.

Mr. Dicks. That is pretty modest, is it not?

Mr. Cole. It is \$2 million for----

Mr. Dicks. Every year, so that does add up.

Mr. Cole. But there are also digital projects in each of the Endowment's program divisions and We the People to support a huge digital project, the National Digital Newspaper program, which I have talked about. We are very keen on digital technology too because as a federal agency, it gives us an unparalleled tool to reach anyone who has an Internet connection, and not only in the United States but worldwide. So I really feel very lucky to be at the Endowment when the Web is being developed and not only great technology but great access issues are coming to fruition.

EVALUATING THE EFFECTIVENESS OF ``PICTURING AMERICA``

Mr. Dicks. Mrs. Emerson.

Ms. Emerson. Thank you.

Thank you all so much. I loved watching that video with you and your students, Jessie, and it was remarkable how engaged they were and how excited, and I just do not remember being in school and liking it as much as those kids seemed to like it, so obviously something is being done right.

Let me just ask, I am curious, and Bruce, this is probably to you as a better question. Are there certain benchmarks that you all have in place to measure the program's overall effectiveness and success, you know, like you did perhaps for We the People but also for this?

Mr. Cole. Every grant product that the Endowment supports has to submit a report. We do not really have benchmarks because the Picturing America initiative is not really a curriculum. It is a teaching tool and it supplements curriculum. So one of the wonderful things, as you can see from Jessie, is that although we have lesson plans, we are really depending on the creativity of the teachers. I visited a number of schools including team-teaching of first-grade class and fourth-grade class at Robert Brent Elementary School here in the District, one of my most terrifying experiences. I have not talked to first graders since my kids were in the first grade or fourth graders, and what I saw was the creativity that the teachers brought in a way that I had not suspected and also the wonderful way it unlocked the enthusiasm and imagination of those kids. It was really one of the most gratifying days that I have ever had at the Endowment. There is, of course, an online application. When the teachers or schools--and by the way, school districts can sign up. The New York school system has signed up, which has 1,400 schools, and 1,100,000 students. Chicago is signing up. Philadelphia is signing up. So we encourage school districts to make one application to us. But one of the things you see is that this brings out this terrific creativity, and when they sign up they have to tell us what they are going to use it for and then you see it is not only history but it is language arts, it is arts, it is the whole spectrum all the way across the curriculum.

Ms. Emerson. You said Mountain View, Missouri, which is in my district. I might have to go see their program.

Mr. Cole. There were 21 schools in your district that received kits in the pilot phase of the project. There are 465 schools and libraries in Missouri that have already applied, and we have a month until the application deadline.

``PICTURING AMERICA'': FEDERAL & NON-FEDERAL PARTNERS

Ms. Emerson. Really? That is fabulous. I am very excited. I will have to take advantage of the opportunity to go visit, I think. Of course, having watched Jessie teach, I am going to say, are you doing it this way, that is the way Jessie says to do it.

Now, do you all rely on non-federal partners in the private sector educational foundations to help provide matching funds for these efforts?

Mr. Cole. Well, we have been helped with a number of partners. The Institute of Museum and Library Services has given us \$1 million for this. We are partnering with the National Park Service and also it is going to go this year to 10,000 Head Start centers as well. And then we have had a number of private partners who have been very generous.

OUTREACH TO UNDERSERVED COMMUNITIES

Ms. Emerson. Well, and that is important and I am particularly pleased too that you do outreach to underserved communities. The bulk of my Congressional district is an underserved community and so being able to expand the reach of your grant opportunities is so critical, and I am pleased and I know that your budget request does propose funding to support initiatives in fellowships at historically black, Hispanic serving, tribal colleges and universities. Can you just explain for us quickly, and I know we have got votes going on again here, can you explain in some detail the extent to which the National Endowment's sponsored initiatives reach specifically to tribal colleges and universities? I mean, do you know how many grants you provide on an annual basis?

Mr. Cole. No. I can get you those figures, but we make a special effort, especially with tribal colleges and historically black colleges and universities to reach them and we have a couple of guidelines for them as well. We feel very, very strongly about that, that it is the Endowment's mission to reach out to underserved communities and that is why we are pleased with that figure with Picturing America but also some of our other programs reach out to communities where people never have the opportunity to experience a picture or get a humanities program as well, so we feel very, very strongly about that. We are committed.

[The information follows:]

National Endowment for the Humanities

neh support for humanities projects at historically black colleges and universities, hispanic-serving institutions, tribal colleges and universities

The Endowment's grant programs reach underserved communities in several ways. Humanities Initiatives for Faculty at Presidentially Designated Colleges and Universities is a special outreach grant category in the agency's Division of Education Programs that supports efforts to strengthen and enrich humanities education and scholarship at the three types of Presidentially-designated institutions: historically black colleges and universities, institutions with high Hispanic enrollment, and tribal colleges and universities. During fiscal year 2007, five Humanities Initiatives for Faculty awards to historically black colleges and universities (HBCUs) totaled \$239,750; two awards totaling \$60,000 went to institutions with high Hispanic enrollment (HSIs), and two awards totaling \$100,347 went to tribal colleges and universities (TCUs). In the Endowment's Division of Research Programs, Faculty Research Awards for historically black and universities, institutions with high Hispanic enrollment, and tribal colleges and universities are awarded to individuals at eligible institutions who are pursuing advanced research in the humanities that contributes to scholarly knowledge or to the general public's understanding of the humanities. In FY 2007, \$40,000 Faculty Research Awards supported the work of three scholars at HBCUs and three at HSIs.

Minority-serving institutions of higher education and their faculties are also eligible applicants in NEH's other programs that support teaching and research in the humanities. In FY 2007, in addition to funding awarded through the Endowment's two special outreach programs, HBCU's received four grants totaling \$354,667, HSIs received three grants totaling \$175,796, and TCUs received two grants totaling \$6,000 through the Endowment's other programs.

Ms. Emerson. I appreciate that.

Mr. Chairman, I have other questions but if you want to go and----

REDUCTION OF PRESERVATION AND ACCESS AND CHALLENGE GRANTS BUDGETS

Mr. Dicks. Yes, let me just ask a couple quick ones here. We notice that there is a cut in preservation and access of \$4.5 million and a plus-up of We the People by \$4.9 million. What happens to preservation and access with a cut of that seriousness?

Mr. Cole. Well, there are two cuts, in the Preservation and Access division, and in Challenge Grants program. The Preservation and Access budget was about \$18 million. It was quite a bit larger than any of the other division budgets, and that was historic. That money was there because it had funded two programs that are no longer active, the Brittle Books program, which has declined from 8 grants and \$4.5 million awarded in 2000 to no grants awarded in 2007 because that work is finished. The other large-scale project was the United States Newspaper microfilming program. That program has wound down now too. Now we are digitizing newspapers through the We the People program. So historically there was some money parked in that division that I thought could be used elsewhere. This division and the Challenge Grants program are important but challenge grants are very front-loaded and we have to spend a lot of money to get really very little return on the investment. A \$1 million endowment-building grant, for example, only gives you about \$50,000 in return, and I think some of

that money could be better spent on more active programs, \$50,000 for fellowships or \$50,000 for a Digital Start-Up Grant. And, you know, I think this is just a matter of priorities and leadership and responding to the realities of what is going on now.

Mr. Dicks. Mrs. Emerson.

Ms. Emerson. Just a quick question, and this is a Mr. Tiahrt question so I am going to ask it so that he knows.

Mr. Dicks. Yes, go ahead.

RENT INCREASE

Ms. Emerson. It is a question about your administrative budget for 2009. Apparently the GSA rent expenses are projected to increase by \$689,000, or roughly 35 percent, and can you tell us why? That is awfully dramatic.

Mr. Cole. It is a dramatic increase, and our administrative budget, I think like a lot of other federal agencies, is in a kind of fix because we have all these fixed costs that are rising. It is not only increase in rent, but also an increase in building security costs. We also bring in lots of panelists from all over the United States to review grant applications, which costs us airfare and hotels and the like.

Ms. Emerson. That part is included?

Mr. Cole. Right, and for our rent, one of the things that happened is that GSA initially underestimated the amount of our 2008 rent and then has gone and corrected it, so I think that is what you are talking about.

Mr. Dicks. Great hearing. I am sorry about the interruption. Thank you, Jessie. Thank you, Steven. Thank you, Bruce.

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Wednesday, April 9, 2008.

SMITHSONIAN INSTITUTION

WITNESSES

CRISTIA'LN SAMPER, ACTING SECRETARY OF THE SMITHSONIAN INSTITUTION
ANTHONY BEILENSON, FORMER REPRESENTATIVE

Opening Remarks of Chairman Dicks

Mr. Dicks. Dr. Samper, we want to welcome you to the Subcommittee this morning. While this is your first appearance before the Committee to testify on behalf of Smithsonian budget, you are well known to most of us because of your leadership of the Institution as Acting Secretary for the last 13 months. And I think you have done an outstanding job.

We all know that this has been a very difficult period for the Smithsonian's dedicated staff, but it has been a necessary period of self examination and change for the Institution following the precipitous departure of the previous Secretary last March.

Members will talk about the many reform efforts and organizational changes which have been put in place at the Smithsonian in some detail during our hearing this morning.

At the outset, however, I want to thank you for the quality of your leadership during this challenging period. While the process has been painful, I believe the Smithsonian is now positioned to be a much stronger institution for the future than it was when this process began.

While many people contributed, no one played a more important role in putting the Smithsonian back on a positive course than you did in your position as Acting Secretary. You have restored morale, led an aggressive reform effort, and restored public confidence. Everyone on this Subcommittee, and in fact, everyone in this Nation owes you a debt of gratitude for a job well done.

Dr. Samper, the President has submitted a reasonable budget for the Smithsonian in the aggregate. The overall request for the Smithsonian of \$716 million is a \$34 million increase, about 5 percent above the 2008 enacted level. That is a good start if measured against the \$1 billion reduction proposed by the President for programs handled by this Subcommittee.

Within this proposed aggregate increase, however, there are a number of difficult tradeoffs. Increases for fixed costs and for needed maintenance improvements are offset by cuts to important exhibitions and public education activities. We need to better understand these reductions. The Subcommittee will be seeking your help over the next several weeks in finding the right mix of resources to help the Smithsonian serve the country.

We look forward to your testimony and to hearing your views.

Mr. Dicks. And I will turn to Mr. Tiahrt at this point.

Opening Remarks of Congressman Tiahrt

Mr. Tiahrt. Thank you, Mr. Chairman. I also welcome you, Secretary Samper, to the hearing this morning to discuss your 2009, budget, but I first must congratulate you for helping us through a very difficult time. You led the Smithsonian through I think one of the most challenging times in the Institution's history. I personally believe that the Smithsonian has turned a corner by embracing the reforms you are now taking, and I think you are now taking the appropriate action to ensure that this Institution that is respected and recognized worldwide remains strong and significant in the future.

Thank you for your leadership. Thank you, Mr. Chairman.

Mr. Dicks. We will put your entire statement in the record. You may proceed as you wish.

ABRAHAM LINCOLN'S IRON WEDGE

Mr. Samper. Thank you very much, Mr. Chairman, Mr. Tiahrt, Mr. Moran. Good morning.

With your permission, Mr. Chairman, before I read my opening statement I just want to draw your attention to a few of the objects I have brought this morning, because I think it is important to remember what the Smithsonian is all about as

we enter this hearing. And I will just point them out briefly and maybe at the end of the hearing we can spend a few more minutes.

Mr. Dicks. There are a number of those over in the Longworth Building. I have seen them.

Mr. Samper. Well, let me point out a few things here. Let me start with a little bit of our history right here. This iron wedge that you see here is a very interesting piece, which was found in 1885, at the home of Lincoln's friend, Mentor Graham. And this wedge actually dates back to the 1830s to the time when Lincoln lived in New Salem. We know that from reading some of the information from that time, that Lincoln actually took this wedge to a blacksmith and asked him to carve his initials on the side of the wedge.

As it turns out, the blacksmith said, ``I am no scholar. I cannot do that,' ' so Lincoln took the tools himself and if you look carefully, right here on the side, you will see the initials, A. L., Abraham Lincoln, that were actually chiseled by Lincoln himself on this particular piece.

This is just one of the objects in our American history collection.

Mr. Dicks. What would Lincoln have used this wedge for? As a rail splitter?

Mr. Samper. That is correct. And this is just one of the objects that we have in our collections that we will be displaying next year. As you know, 1809, was Lincoln's birth, so next year is the bicentennial of his birth, and we are planning a major exhibition at the National Museum of American History to display some of these collections, including his top hat, his clothes, to really celebrate the contributions of Lincoln, not only in the American History Museum, but throughout the Institution. It is objects like this that remind us of our history.

ASIAN LONGHORN BEETLE

Some of these artifacts here that you are looking at tell us the story as well of not only the diversity of this planet but the consequences of unintended guests. Invasive species are a \$120 billion problem a year in this country right now.

I will just point out one now. We can go into the others later, but this little one right here is the Asian Longhorn Beetle. Now, this beetle is originally native to China, and it creates major problems in terms of the economy, because it lays the eggs and the larvae grow into the trees, eat the bark of the trees, and the trees decay, and it kills billions of trees in China every year.

As it turns out, this beetle showed up in Brooklyn, New York, in 1996, and has expanded in New York and also in the city of Chicago, causing the death of many, many trees, and becoming a threat. That same species has been found in wooden crates that have arrived in California, Washington State, and Hawaii.

We estimate that if some of these species like the Asian Longhorn Beetle are not controlled, we will see billions of dollars of damage to our timber industry. Because we have a global collection of more than 30 million insects covering all

the world, when a small creature like that crawls out of a crate that arrives in San Francisco, we can actually send an image or bring it to the Smithsonian, and tell you what it is, where it is from, and actually help departments like USDA and Customs with this.

Mr. Dicks. Do you have a database?

Mr. Samper. We are beginning to digitize some of these collections.

Mr. Dicks. Don't you think that would be smart to do?

Mr. Samper. Absolutely. The challenge, of course, is that we have 126 million natural history specimens, so we are working on this slowly, chiseling away at this, but we want to do more.

ANACONDA VERTEBRAE

Now, this little specimen here also tells a story. I do not know if you would recognize what it might be if you are not experienced in paleontology.

This is actually a fossil of a vertebra.

Mr. Dicks. Of a vertebra?

Mr. Samper. Of a vertebra of an anaconda snake that lived 60 million years ago. This comes from South America. This other vertebra is from a contemporary anaconda. This is a vertebra of a 17-foot anaconda----

Mr. Dicks. Wow.

Mr. Samper. From the Amazon. Right now we estimate the ancient anaconda was more than 50 feet long----

Mr. Dicks. Oh, my!

Mr. Samper [continuing]. And weighed more than 1 ton. Just imagine the Potomac crawling with these little creatures. But the work of our paleontologists in the Natural History Museum at the Smithsonian----

Mr. Dicks. The Potomac River?

Mr. Samper. Well, this particular one comes from South America. But what we know is that because of climate change over millions of years we used to have tropical rainforests in places as far north as Wyoming. We are beginning to reconstruct the history, but the collections allow us to understand the past and see how communities of plants and animals have responded to changes in the environment over millions of years. And this kind of work, whether it is these fossils----

Mr. Dicks. Do you know where that fossil was found? Do you have any idea?

Mr. Samper. Yes, I do. This particular fossil was found in the coal mine called Cerrejon in northern Colombia that was explored by the Drummond Company. And Cerrejon is turning out to be an incredible treasure trove, and these just have been coming out in the last 2 years. Many of these were creatures we had no idea existed in the past. This next fossil is a peccary bone about 15 million years old from the isthmus in Panama. As you know, there is an expansion of the Panama Canal that is taking place right now.

Mr. Dicks. Right.

Mr. Samper. A \$5 billion investment that will help world trade and many of the economies because of the goods that go through there every year. The scientists at the Smithsonian

Tropical Research Institute are collaborating with the people working on this expansion and discovering some of these fossils. This is leading them to an understanding of the role of the isthmus of Panama in the past. Also, by studying the dynamics of tropical rainforests around the world, we are expanding our knowledge to see the impacts of climate change.

LIFESTRAW

And one last example is this LifeStraw. This is from an exhibition at the Cooper-Hewitt National Design Museum in New York last year. It was part of a fascinating exhibition called ``Design for the Other 90 Percent,' ' showing how we can use contemporary design to improve the lives of the other 90 percent of the population in developing countries.

This particular LifeStraw can be used, as you see in this illustration, by rural populations in Africa to drink water. It purifies it in a way that will substantially reduce illnesses. And we have also worked in recovering materials in areas devastated by Hurricane Katrina.

So these are just a few stories. There are more. Some of my colleagues who work with these artifacts are here.

Mr. Dicks. Who developed the LifeStraw?

Mr. Samper. It was not developed by us. I will give you the answer to that. I do not know the answer.

Mr. Dicks. No. It just would be interesting.

Mr. Samper. We will double check the catalog, and if it is not there, I will find the answer for you. And we have got a couple of others that we will show you later including----

Mr. Dicks. It might be useful to the military, too.

Mr. Samper. I think it is a way of using collections to inspire design.

[The information follows:]

LifeStraw

The LifeStraw is a personal, mobile, water purification tool designed to turn surface water into drinking water. The LifeStraw was designed by Torben Vestergaard Frandsen of Denmark.

RADIO-TRACKING COLLAR

And one last object that we will look at later, this ``small' ' collar that you see there is actually a collar that we used for radio-tracking wild Asian elephants in Sri Lanka. And that particular collar was on an elephant there, and we are using it to understand the populations and the movements of elephants in the wild so we can assist in the conservation of endangered species. And one of our curators from the National Zoo who is working on this is here with us. Maybe at the end of the hearing if any of you have time I would love to tell you a little bit more about those stories.

Mr. Chairman, I just figured it was a good way to start the hearing, to remind us----

Mr. Dicks. Fine. I think that is terrific.

Mr. Samper [continuing]. What the Smithsonian is all about.

Mr. Dicks. And thank you for that presentation, and what

are the other bugs over here?

OPUNTIA CACTUS

Mr. Samper [continuing]. This is the leaf of an opuntia cactus, which is the cactus that is found in parts of the southwest, also parts of Florida. This particular species of moth, which is called Cactablastus, was originally from Argentina, and as it turns out, it was introduced as an invasive species that showed up in Florida and now is spreading throughout the United States. This species, which is endemic to Argentina and affects local populations of Opuntia, is now beginning to affect the species of cacti that are found in the dry areas of the U.S. and is beginning to be a big problem.

This tiny little creature that you see here is a parasitic wasp, that is known from the original range of this particular moth species and can be used as a biological control against these species.

Mr. Dicks. Well, that is the cactus there. What is this over here on the left? The little one.

Mr. Samper. That is probably the flower, the fruit of the cactus. Botanists always need a flower or a fruit to be able to classify a species of plant.

Mr. Dicks. Well, where would that cactus be from? Arizona?

Mr. Samper. We can look at the label, and it tells us this particular specimen was collected in 1987, in Rancho Nuevo. It is Mexican.

Mr. Dicks. Mexican.

Mr. Samper. This particular one is from Mexico.

Mr. Dicks. Mexico. Okay. All right. Well, thank you.

Mr. Samper. There are many more stories like this, Mr. Chairman, but I appreciate your indulgence.

Mr. Dicks. No. We appreciate that.

Mr. Samper. Now, if I may go on with just a short statement, and you have my written statement.

Mr. Dicks. Right. We will put your full statement in the record and----

Mr. Samper. I appreciate it.

Mr. Dicks [continuing]. You may summarize as you wish.

Opening Remarks of Cristia'n Samper

Mr. Samper. Thank you. Let me just thank you, Mr. Chairman and members of the Committee, for the opportunity to testify before you today to discuss our fiscal year 2009 budget. The support of the Administration and Congress is essential to all that we do, and we greatly appreciate that support and look forward to working with members to make the Smithsonian even stronger for future generations.

As you know, last month the Regents unanimously elected the twelfth Secretary of the Smithsonian Institution, Dr. Wayne Clough, who currently is the President of the Georgia Institute of Technology. He officially assumes his office on July 1, and I have been working with Dr. Clough to insure a smooth transition at the Smithsonian and will continue to do so in coming weeks and months.

As I have mentioned to you, my plan is to return to my

regular job as Director of the National Museum of Natural History beginning on July 1.

The core mission of the Smithsonian, our work related to the research, collections, outreach, and public programs remains strong. People are coming to see that work, and for those who cannot come to Washington, we are reaching out to connect with them.

More than 24 million visitors from across the country and around the world enjoyed the Smithsonian last year, including 35 extraordinary exhibitions that were hosted by various museums, and we had 183 million visitors to our various Web sites, which is about a 20 percent increase over a year before.

The Smithsonian Traveling Exhibition Service reached 409 communities in all 50 States, Puerto Rico, and Guam, and an additional five million people last year were able to see collections of the Smithsonian across America thanks to this partnership. We now have 159 affiliate museums in 39 States, Washington, D.C., Puerto Rico, and Panama. And in addition, Smithsonian Networks, which is our new venture for a television channel, has expanded its services and is now bringing programs and great stories about the Smithsonian to more than 22 million people across America.

Last year the spectacular Robert and Arlene Kogod Courtyard opened at the Smithsonian's National Portrait Gallery and the Smithsonian American Art Museum, and this year we will open the Ocean Hall of the National Museum of Natural History in September and a transformed National Museum of American History will reopen in November as the new home for the Star-Spangled Banner.

With that as background let me provide the Subcommittee with a brief update on three priorities; strengthening governance, fixing our facilities, and investing in our programs.

As you know, the Smithsonian Board of Regents has established an aggressive governance reform agenda to address the problems that were identified last year. I am pleased to report that the Smithsonian has now fully implemented 17 of the 25 governance reform recommendations, and we are on schedule to complete the rest of the recommendations in the next few weeks or months.

The reforms include the creation of a new position for a Chairman of the Board and establishing an Office of the Regents that is separate from the Office of the Secretary. We have developed a unified compensation approach, and all senior executives are now on an earned leave system like all other employees of the Smithsonian and have also been prohibited from serving on any corporate boards. The details of additional reforms are publicly available in our scorecard on our Web site.

The second major challenge is the maintenance and revitalization of our facilities. We have made good progress in recent years, but we still have much work ahead. We appreciate the support that we have received from the Administration and from Congress, including the additional funds that have been provided through the Legacy Fund this year. The budget request for 2009 includes a substantial increase for facilities capital, maintenance, and security, and will no doubt allow us

to make substantial progress in this regard.

And this brings me to the third challenge, which is investing in our programs. As you know, I care deeply about the mission of the Smithsonian. We look after many of America's greatest treasures, we conduct research that expands our understanding of the world, and we share this knowledge with millions of visitors who come from all over America and around the world to see the Smithsonian.

Unfortunately, for more than a decade we have suffered through a steady base erosion in our federal funding, and our staff across the Institution has been reduced by more than 20 percent, which is definitely taking its toll on our programs. The fiscal year 2009 budget provides a significant improvement in facilities maintenance and revitalization, but it reduces federal funding for our public programs, exhibitions, and research by \$11.2 million.

This puts many programs at risk, for example, the popular Insect Zoo at the Natural History Museum, the guided school tours that we do at many museums, our traveling exhibitions, and other program activities.

I always like to remind my colleagues and the Board of Regents that in my view there is no point in having beautiful facilities if they are going to be hollow inside. We need to invest in our physical and our intellectual infrastructure. We must continue to attract the best minds in the world, the brightest scientists, the brightest educators, and the brightest curators. These are the people who bring the collections to life, who reach out to visitors from around the world, and who explore the world to create new knowledge that we can share with present and future generations.

The Smithsonian has been a public private partnership from its inception back in 1846, and we would not be here without generous support from the Administration, from Congress, and from the American people. We look forward to building on this partnership, and thank you for your support and the hearing today.

[The statement of Cristia Samper follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

RECENT CHANGES AT THE SMITHSONIAN

Mr. Dicks. I personally believe the Smithsonian has come through this very difficult period a much stronger institution. As we both know, during the last few years the Smithsonian has suffered from a significant decline of public confidence in the Institution. Because of the strength of your leadership, this National treasure can now move forward with a bright future which matches its wonderful past.

The turnaround has meant a lot of changes for the Smithsonian, which we will discuss in a few minutes. In your role as Acting Secretary, can you tell us in broad terms how you believe the Smithsonian is different today than when you took over last March?

Mr. Samper. Thank you, Mr. Chairman. This has been in my view quite an extraordinary year for the Smithsonian, and I

think the major changes that we have seen include the reform in our governance. I think after 160 years of history it was important to step back, to look at best practices, and look at ways that we could improve how we do things. I outlined a few of these changes, and I am confident that the governance of the Smithsonian is much stronger today.

The other area where I am very pleased with the progress that we have made deals with employee satisfaction and morale. I think we have seen a major change in this. I am happy to say that our curators, educators, collection managers, security officers, and others are committed to the mission, and I think we have seen substantial progress in improving the morale at the Smithsonian.

I would also acknowledge that thanks to the support that we have received we continue making good progress in the facilities area, in our facilities capital investments through renovations like the old Patent Office Building, but there are still challenges ahead, especially those relating to our programs and our investment in science, art, and culture.

FISCAL YEAR 2009 BUDGET

Mr. Dicks. The overall budget request of \$716 million for the Smithsonian is an increase of \$34 million or about 5 percent. This 5 percent increase is the largest percentage increase proposed for any major agency funded by this Subcommittee. This is a pretty remarkable request in the current budget environment.

As we all know, however, the devil is often in the details. Large increases for fixed costs, facilities maintenance, and capital projects are offset in the President's request by a largely unexplained reduction in funds to support public programs.

IMPACT OF \$11.2 MILLION PROGRAM REDUCTION

What can you tell us about the impact of this \$11.2 million reduction on programmatic and educational activities?

Mr. Samper. As you point out, Mr. Chairman, we are certainly grateful and satisfied with the overall submission of the budget and the \$34 million increase, and we are very grateful for that, but as you point out, nearly all of it is going to facilities maintenance and revitalization at the expense of some of the programs.

We have not determined any allocation for these cuts at this point, but we have started examining options should we not be able to turn this around as a result of this hearing with the work of this Committee and the Senate.

There is no doubt that an \$11 million cut would affect our ability to provide some of the educational opportunities, some of the ways we can provide services for school groups, some of the attractions that we have around the Smithsonian, and we will probably also be forced to reduce our traveling exhibition service and some of our loans to various museums and research institutes and universities around the country.

Were that number to hold, we estimate we would do anything we can around the sides to limit our activities, but I would

not discard the possibility of having to look at a reduction in force in our program activities, primarily in education and exhibitions, which would be devastating for the Smithsonian.

Mr. Dicks. In your statement you indicated that you will try to replace \$11.2 million, with private contributions. Is that realistic?

Mr. Samper. Not in the short term, Mr. Chairman. We are fortunate, and we make a big effort every year to go out and raise funds, and we have been very successful in raising funds for major renovations or exhibitions. The problem with these proposed cuts is that they would affect our base staffing, which is what allows us to carry on these activities in the long term.

So although we are committed to continuing to expand our federal base and our private funding, what we call the trust funding, we feel that it would be very difficult to fill this gap for these kinds of activities in a matter of 6 months.

Mr. Dicks. At the same time the budget for annual maintenance, even with a \$16.8 million increase, is still about \$30 million below the \$100 million standard for maintenance recommended based on industry facilities standards. If additional funds cannot be found, should the Committee consider reallocating some of the facilities funds requested by the President back to the programmatic area?

Mr. Samper. I think it is one of the options we will need to examine, Mr. Chairman. The issue, as you point out, is that the facilities maintenance budget is still below the industry standard. Given the size of our facilities, the fact that we have more than 700 buildings and facilities at the Smithsonian, we estimate that the industry standard would dictate about a \$96 million investment every year.

So even with the proposed increase, we would still be short. My preference would be to try to maintain some of the funding for the facilities maintenance. I think there are some of the investments in facilities capital that we could look at potentially deferring if that were the case.

SALE OF REAL ESTATE ASSETS

Mr. Dicks. Two years ago the Smithsonian raised about \$48 million through sale of the Victor Building. You indicated in your budget documents that the Smithsonian currently owns over, as you just mentioned, 700 buildings. Are there excess or under-utilized assets which could be sold to raise money for other needs at the Institution like maintenance?

Mr. Samper. The short answer would be, no, there is no other asset like the Victor Building that has been purchased and could be sold. So we are not looking at that as an option in the short term. We are looking at the possibility of consolidating some of these facilities and trying to move out of some of the facilities like the one we have at 1111 North Capitol, which needs to be moved to another location, which supports our exhibits central service. But we do not have an asset like Victor Building we could turn around and sell.

Mr. Dicks. Mr. Tiaht.

PROGRESS ON REDUCING FACILITIES BACKLOG

Mr. Tiahrt. Thank you, Mr. Chairman.

This Subcommittee appropriated about \$900 million since the critical backlog problem was brought to our attention back in 1996. Recognizing that your backlog has been verified to be somewhere in the area of \$1.5 billion and that no agency ever completely eliminates the problem, can you describe to us how much progress has been made to date, assuming you have been addressing the most critical items first?

Mr. Samper. Thank you, Mr. Tiahrt.

As you point out, I think we have been able to make progress thanks to the support and the appropriations we have received. Our priorities have been focusing on those buildings that receive the largest number of visitors, that house the largest number of collections, and that pose greater issues related to safety.

We have taken on large projects. The most recent one that we completed successfully was the renovation of the old Patent Office Building, which I think has been very successful. We can all be proud of this. As you know, this was a \$200 million project. So I think we have made progress there.

We have also been able to recently complete the expansion of our Museum Support Center, what we call affectionately Pod 5, out at Suitland in Maryland, which has now allowed us to build a state-of-the-art facility, a \$40 million project, for collections that are preserved in alcohol such as fish and some of the very important collections we have. These are now being moved from the building on the Mall to Pod 5. All of the fish collection is to be moved out there.

So I think we have made substantial progress, but as you point out, we still have a lot of work ahead. We estimate the kind of figure we are looking at is about \$1.5 billion for revitalization over the next 10 years.

Now, the appropriation request is before you, which includes \$128 million for facilities capital, would certainly allow us to make substantial progress and brings us much, much closer to what is our annual target number, which is \$150 million. And we have been able to come this far thanks to the support from this Committee and the Senate.

IMPACT OF FACILITIES INVESTMENT ON PROGRAMS

Mr. Tiahrt. By focusing on these increased backlogs, what impact has it been to your science programs, your public programs, the core areas you feel like you have at the Smithsonian?

Mr. Samper. We all know we have a big issue with the facilities, and I think we have been fortunate to document it well and make progress. But in my personal view we have been investing in the facilities at the expense of our program activities in science and education.

One of my priorities as Acting Secretary has been to try to bring a better balance in these. As I mentioned in my statement, absolutely we need to continue fixing the buildings, but there is no doubt in my mind that we need to invest in the minds and the collections that are housed in those buildings.

This is part of the balance that we are seeking, and I will

continue pushing either as Acting Secretary or Director of the National Museum of Natural History.

STATUS OF ARTS AND INDUSTRIES BUILDING

Mr. Tiahrt. All right. Last year the Smithsonian issued a request for proposal for historic Arts and Industries Building on the Mall. What was the response from the private sector, and before you issued the RFP, did the Smithsonian conduct an internal study into their possible use of the building, or is this decision to seek private sector financing and use simply driven by the lack of federal funds?

Mr. Samper. As you know, the Arts and Industries Building was closed back in 2004 due to concerns about the structural safety of the building, and one of my priorities as Acting Secretary has been to explore options to bring it back to the public.

We did issue a request for qualifications to seek potential public private partnerships, and that was driven largely by the lack of federal funds to deal with this. We received 11 responses as a result. A technical panel from our staff across the Institution is currently reviewing them to see whether there are any that would be adequate in terms of good fit with the overall mission of the Smithsonian, expanding the services that we bring, preserving the architectural and historical significance of the building, and would also be financially viable. We are currently assessing these.

Simultaneously, what I have decided to do just in the last 3 months is to issue a request for ideas from our own staff in terms of potential uses for the building; this study will be completed on April 15. Our goal is to have the results of the request for qualifications and the internal study with options that can be discussed with the Board of Regents and with this Committee in the next few months. It is a very important decision, and there is no doubt that we need to find a solution to bring this building back to public use.

STATUS OF SMITHSONIAN BUSINESS VENTURES

Mr. Tiahrt. Last year the Smithsonian Inspector General released a report on the Smithsonian's Business Ventures Office originally created by Larry Small, but I believe you also directed a group, to review the issue at least internally.

Can you talk about your plans for that group now?

Mr. Samper. Yes. Smithsonian Business Ventures was established back in 1999, as a way of consolidating a lot of our business practices and try to improve business management. But there has been a lot of criticism both inside and outside the Smithsonian.

When I became Acting Secretary, I decided it was time to really take a hard look at this, see some of the ways some of our deals have been structured. So I appointed a task force. The task force released a report in January, and we discussed it at the Regents' meeting in January.

In a nutshell the recommendations are that we need to make absolutely sure that the business activities that we pursue in the Smithsonian are very well aligned with the mission. I think

most of them are but some of the licensing deals are probably a little bit on the edge, and I think going forward we need to make sure that they fit in and help us expand our mission. But also that they are done in a very transparent way.

What we are doing currently is completely restructuring Smithsonian Business Ventures. We intend to rename it, likely calling it Smithsonian Enterprises, appointing new leadership for this unit, and revising all of the revenue share arrangements with the various museums.

So it is a major overhaul of Smithsonian Business Ventures to try to bring it back into the fold and refocus on the mission. I am convinced that there are businesses that are good business that are also fully consistent with the mission, and I think those are the ones that we should focus on going forward.

Mr. Tiahrt. Thank you, Mr. Chairman.

Mr. Dicks. Mr. Moran.

STATUS OF ARTS AND INDUSTRIES BUILDING

Mr. Moran. Thanks, Mr. Chairman. I am going to follow up on a couple of the issues that Mr. Tiahrt raised.

First of all, the Arts and Industry Building. I happen to be a booster of the Women's History Museum going there, but you are requiring \$75 million to repair what, the roof and the shell, for anyone that wants to be able to use that building I gather. That is a very expensive undertaking.

Have you gotten many proposals for that project?

Mr. Samper. Thank you, Mr. Moran.

As you know, this is a building of great historical significance, and part of the challenge is that restoring a building while preserving its historical architecture----

Mr. Moran. It is a beautiful building.

Mr. Samper [continuing]. Will be very expensive. We do estimate that just fixing the building, which includes redoing all of the electrical systems, replacing the roof, all the plumbing, all the different systems will be in the order of \$75 million.

As I mentioned, we issued a request for qualifications to explore these. We had 11 expressions of interest. Not all of them are viable, and I think it is too early to know what the results will be, but I was pleased to see that there are some private groups and companies that have come forward and expressed interest in investing some of these funds. But as you can imagine, there are probably a number of limitations like long-term leases on the building, and I think we need to examine those very closely internally within the Smithsonian management----

Mr. Moran. What is your timing, Mr. Samper?

Mr. Samper. We already received the results for the request for qualifications. We are finishing the internal study of options for the building that will be done by April 15. It is my intention to have both documents ready for the May 5 meeting of the Regents, and I think after a preliminary discussion, we would like to begin consultations with this Committee.

I would certainly hope that we could have a decision about the best way forward at some point early this fall, which could include either pursuing a public private partnership or looking

at other alternatives that we could do if we had federal support.

Mr. Moran. Thank you. Your attendance was going up until you closed the American History Museum, and so that throws the numbers off, otherwise you'd have record attendance. Do you have any numbers for this year?

Mr. Samper. Yes. I actually just looked at our numbers through March yesterday, Mr. Moran. I am happy to say our attendance is holding strong. Last fiscal year finishing September 30, we had 24.6 million visitors across the Smithsonian, which represented a 7 percent increase over the previous year, and that number as you point out is with the American History Museum closed, which itself would drive about three million visitors a year. So it has been strong.

The attendance in the first 6 months of this fiscal year is up 2 percent over last year. So it is still holding despite some of the concerns with the economy, but we will really feel the impact of that this summer, because as you know, our attendance is very seasonal. We get half of our visitors during the summer months.

SMITHSONIAN STUDENT TRAVEL PROGRAM

Mr. Moran. Sure. Now, Mr. Chairman, I have one other issue I need to explore here, and Mr. Secretary, I have sent you a letter, and you had somebody else respond, but it is on the Smithsonian Student Travel Program. Eight different student travel companies have written expressing concern about this.

You have given this E. F. Travel out of, where is it? Sweden. I think it is a Swedish company. The right to exclusively use the Smithsonian name, and they bring people from around the world, really, but particularly around the country and but they really have no relationship to the Smithsonian, and yet they have even changed their name to take the E. F. that designates the company and just say, Smithsonian Student Travel Services. So anyone would normally think this was a Smithsonian Institution enterprise. Their promotional material implies they have special access to the Smithsonian, unique programs that their competitors cannot offer. Their competitors give the names of the people that they bring in, and then all those names are given to this E. F. company. And, in fact, there was even an advertisement for a program manager, and one of the jobs of the program manager was to facilitate the exclusive licensee's access to prospective tour leaders and customers through Smithsonian channels.

So in other words their job is to give all this, what other groups feel is somewhat proprietary information, to this E. F. group. And you know, when you have the adult tour groups, that is a multiple, you put that out for multiple bidding. This was basically a sole source contract, and then they have told me that there is an inconsistency, if not a violation of D.C. law, because they do not always provide somebody to attend the groups as they are going throughout the District of Columbia.

So I have got any number of more concerns about this. I do not want to take up all of the time but----

Mr. Dicks. Good.

Mr. Moran [continuing]. Well, you know, Mr. Chairman, I

just want to raise this because----

Mr. Dicks. We will put it all in the record.

Mr. Moran. Well, we can put some of it on the record but nobody ever reads that stuff. Maybe you do. I doubt it. But----

Mr. Dicks. Mike reads it all.

Mr. Moran. I know, but there is only so much Mike can, just a little digression, Mr. Chairman, but, you know, the Smithsonian got into a lot of trouble previously----

Mr. Dicks. Right. We do not want them to get into any more trouble.

Mr. Moran [continuing]. With the TV channel, and that is why we are raising this so that----

Mr. Dicks. Well, we should raise it.

Mr. Moran. Thank you.

Mr. Dicks. I applaud you for raising it.

Mr. Moran. That is the spirit. Now we are going to leave that digression for the conversation and let you respond a bit, and I would hope you would share this concern, though, that a number of groups have raised.

Mr. Samper. Thank you, Mr. Moran. I am aware of the concerns from these groups, and I am happy to say that the Acting CEO of our Business Ventures held a meeting in the last few days with some of the members of these groups. So, we have opened a channel of communication to explain this agreement.

This was one of the deals that was done by Business Ventures----

Mr. Moran. Yes.

Mr. Samper [continuing]. More than 2 years ago. As I indicated, I think we need to review some of our practices.

Mr. Dicks. Was it a sole source?

Mr. Samper. It was, with this company, yes, but the one issue that is important to clarify is that, this is one of the licensing deals where they were allowed to use the Smithsonian name in exchange for a fee that is destined to support educational programs.

Mr. Moran. But what if they take tours all over the country that have nothing to do with Smithsonian and still use the name?

Mr. Samper. Correct. But the important issue is that, as you know, Smithsonian Journeys has been something we have been running for more than 20 years, and we have worked with E. F. as one of the companies doing this. In general, we are not in the business of running our own tours. We provide some additional expertise, but we outsource many of them. I think that uses our skills better. So this was in many ways a logical extension from our Journeys program, expanding it to some of the student travel.

The one issue that is important and that we have clarified to these groups that were interested is that this group, although they can use the Smithsonian name, they are not being given any privileges or access that are not available to any of the other student groups.

Mr. Moran. Use of the Smithsonian name is the privilege.

Mr. Samper. Correct.

Mr. Moran. Because people think it is a Smithsonian Institution Program.

Mr. Samper. Correct. And the various companies, including

World Strides and the others, have shared some of these concerns. As I mentioned, there was a meeting recently, and we are listening to see how we can accommodate some of their concerns within the terms of this particular license. And certainly our intention is once this particular license deal is completed, Smithsonian Enterprises in its new form will----

Mr. Dicks. When will that be? When will it be done?

Mr. Samper. I do not know the exact term off the top of my head.

Mr. Dicks. Why don't you put the details in the record on that?

Mr. Samper. I will be happy to provide you with that, Mr. Chairman. Thank you, Mr. Moran. I am looking into the issue.

Mr. Moran. That is the spirit. Good answer. Thank you, and thank you, Mr. Chairman.

Mr. Dicks. And a totally appropriate question.

[The information follows:]

Licensing Agreement With EF Travel

The agreement with EF Travel to license the Smithsonian name for student travel services was signed in 2006, and is for a term that is no longer than 10 years.

SMITHSONIAN ENDOWMENT

Mr. Calvert. Thank you, Mr. Chairman. Thank you, Doctor, for coming today.

I am new to the Committee, but I have some questions on your endowment. How large is your endowment?

Mr. Samper. The endowment, depends on the market, Mr. Chairman. The last few weeks it has not been doing that great, but it is about \$1 billion total.

Mr. Calvert. About \$1 billion.

Mr. Samper. Yes.

Mr. Calvert. Do you know what the average rate of return has been in the last, say 5 years?

Mr. Samper. Let me get some help. I know the last few was about 18 percent, so we have been diversifying our investments substantially in the last few years. It took a very big hit after 2001, because it was almost all being held in government bonds and S&P-500s.

Mr. Calvert. Yes.

Mr. Samper. I will have to get you the exact average for the last 5 years. I do not know it off the top of my head.

Mr. Calvert. On the endowment itself, what percentage are you setting aside for annual allocation?

Mr. Samper. Five percent.

Mr. Calvert. Five percent.

Mr. Samper. Five percent, which is a consistent practice for most endowments.

Mr. Calvert. And do you have a number of people that go around the country looking for large donations to the endowment?

Mr. Samper. Yes, we do. Part of the job of every museum director and research institute director is to go out and try to secure funding for the endowment. Mr. Calvert, as you can

imagine, many of these donors are people with particular interests who will give us restricted funds for say, an endowed chair or a fellowship. So the vast majority of this is----

Mr. Calvert. Just, and again, I am new to the Committee. It just seems relatively small endowment relative to say Notre Dame or Harvard or some, Stanford, something that have significantly larger endowment funds than a much older and prestigious institution such as Smithsonian.

Mr. Samper. You are absolutely correct, Mr. Calvert. It is a very small endowment given the size of our annual operating budget, and one of the things we are trying to do is increase it substantially.

I just got the answer from my colleagues on your question on the 5-year trailing average. It was a 14 percent average.

Mr. Calvert. That is a very good rate of return. So who manages your endowment account?

Mr. Samper. We have an investment office that we have set up, and we have an Investment Committee that is made up of some of the members of our Board of Regents.

Mr. Calvert. So it is done in-house?

Mr. Samper. It is done in-house, and we are doing pretty well, but we still have a lot of work ahead, and we want to grow. We are beginning to design a national campaign, and one of our priorities is going to be to try to increase the size of the endowment.

Mr. Calvert. You have a national campaign also, not just for large donations but small donations?

Mr. Samper. That will certainly be one of the components of the national campaign, and I am happy to say that we also get small donations right now from contributing members who receive ``Smithsonian Magazine'' and other benefits. So we have about two million people who currently contribute.

DONATION BOXES

Mr. Calvert. And people have the opportunity to give when they come into any of the Smithsonian Museums, if they choose to do so?

Mr. Samper. This is a relatively new experiment; we have added contribution boxes in our various museums.

Mr. Calvert. Do those monies go into the endowment, or does that go in the general----

Mr. Samper. That goes to support the programs in the individual museums. The amount that we are bringing in from the contribution boxes is relatively small, about \$200,000 a year.

Mr. Calvert. Are the boxes just displayed where people could easily see them, or does anyone actually request a contribution?

Mr. Samper. Right now there are just boxes. No one is requesting a contribution, but we have been playing around with the design and location of these boxes. I can report that in the last 2 months we redesigned the boxes at the Natural History Museum. We added a suggested contribution of \$5 and put them much more upfront, and I am happy to say that we saw a substantial increase in the number.

Mr. Calvert. Do people, I do not even know if they are authorized to do this, do people ask for a contribution if you

choose? I mean, in a polite manner as they come into the museum, if you choose to contribute, we have this box over here that you can contribute money to?

Mr. Samper. It is something we have not done. My guess is we could certainly encourage people to do this, but as you know, our general philosophy for the Smithsonian historically has been to have free admission.

Mr. Calvert. I am not questioning that. I think that is important to maintain free admission, but those individuals and families that have the resources who may choose to do so, if they are given the opportunity, they do not probably, they do not see it or they do not know about it. I was going to ask the Chairman if he, whether or not there was ever any thought about promoting the idea of gifting to visitors who go into the various Smithsonian facilities to donate money if they choose to. If they do not choose to, they do not have to. I would think with, how many visitors did you have last year? Twenty-four million?

Mr. Samper. Twenty-four point six million visitors across--
--

Mr. Calvert. You could probably have----

Mr. Dicks. The fee idea has been very controversial.

Mr. Calvert. Well, I do not want a fee, Mr. Chairman, but just an ability to, for folks who attend the museum, maybe, of the various facilities may want to contribute money.

Mr. Dicks. Yes.

Mr. Calvert. I mean, I go to museums all over the country. I like museums.

Mr. Dicks. Yes.

Mr. Calvert. And I always contribute if asked, and if I choose not to, then I do not have to. But----

Mr. Dicks. Yes.

Mr. Calvert. Thank you.

CHANGES IN SMITHSONIAN SENIOR LEADERSHIP

Mr. Samper. Thank you, Mr. Calvert.

Mr. Dicks. Well, I am going to ask a question or two, and then we will go to Mr. Peterson, let him get focused.

Let us talk about the reform process a little bit. Now, we all know about the departure of the Secretary and the Deputy Secretary. Can you review for the Committee the extent of any of other changes in the senior leadership of the Smithsonian?

Mr. Samper. Mr. Chairman, I do not think I have ever been in a job where we have had so much change in such a short period of time.

Mr. Dicks. Yes.

Mr. Samper. Of the top seven positions in the Smithsonian five have changed in the last year. In most of the cases I appointed acting people to these positions by design. Partly to allow the flexibility for the incoming Secretary to do this and partly because some of the people I asked to step up to the plate wanted to know who they were going to be working for.

Now that Dr. Clough has been appointed, he has started having meetings, and we are looking at this right now. We have reorganized a couple areas as you know. When Deputy Secretary Sheila Burke departed, I decided to split the administrative

and finance functions from the history and culture functions, which in my view is a much cleaner split than we had before. We were fortunate to have Alison McNally step in as the Acting Undersecretary for Finance and Administration and Richard Kurin to take on the History and Culture.

Ned Rifkin, who has been the Undersecretary for Art, will be departing the Smithsonian this Friday. I have decided to revert back to something we have tried in the past, which is to fold the art museums into the history and culture portfolio because many of these museums are the interface of both, so that portfolio is now moving under Dr. Kurin as well.

So there has been a lot of change. One of our priorities, now that Dr. Clough has been appointed, is making the appointments that he wishes for his team and stabilizing the leadership so we can move forward.

Mr. Dicks. Mr. Pastor.

STATUS OF THE NATIONAL ZOOLOGICAL PARK

Mr. Pastor. Good morning. I just want to comment on Calvert's idea. Most of these museums, there are boxes that if someone wants to volunteer and add whatever contribution they want, they are there. Possibly they can highlight them more and suggest certain donations, but I support the idea of keeping the museum free because that is the tradition, and it should continue. Maybe what we ought to do is increase the funding from this Subcommittee, and it will really help them go a long ways.

So I think it was last year, probably 2 years ago, you were having problems up in the National Zoo with maintenance, care, health of the animals and then there were personnel changes. What is the status today?

Mr. Samper. Thank you, Mr. Pastor. I am happy to say that I think the Zoo has come a long way. We have appointed a new director at the Zoo in the last couple of years. His name is John Berry, and he is doing a terrific job leading the Zoo, and he has established his leadership team. I am very happy to say that we have a good team in place now.

We have also been taking on some of the critical Zoo issues like the fire safety. We appreciate the appropriation and support that we have received from this Committee to allow us to do it. You will see in the fiscal year 2009 appropriation request that there is a substantial increase in the funding. We are looking at about \$20 million of investment that would allow us to fix some of the old facilities that we have there but also keep addressing the fire safety issues.

We have made good progress.

Mr. Dicks. Fire safety is a very serious problem, is it not?

Mr. Samper. Absolutely. I think none of us want to see any major issues. Safety across the Smithsonian for our visitors and our collections is at the top of our list. We have been able to deal with issues like the alcohol collections and getting them off to a better place, but clearly fire safety with the zoo with the live animals is a key issue.

Now, we have invested a lot, and I think we have made progress. This year we are investing about \$8 million in

upgrading some of these. We still have about another \$9 million to go to get the fire safety (not including smoke evacuation systems) to where it should be. The \$9 million for fire safety is included in the fiscal year 2009 request.

We are exploring ways to see if we can actually move some of this forward this year, and I am happy to say that designs for the fire safety projects are moving along very well. If we have the funding or we can release some from the legacy fund, we would actually be able to award those contracts this fiscal year.

So I think we have come a long way. We have big plans for the Zoo, including the renovations. I do not know if you have had a chance to see the new Asia Trail, Mr. Pastor----

Mr. Pastor. No, I have not.

Mr. Samper [continuing]. But I would encourage you to come and see it. It is very good, and we are now beginning to work on the----

Mr. Pastor. When it warms up a little bit more.

Mr. Samper. Absolutely. But the pandas do like the cold weather.

Mr. Pastor. I understand, but I am from Arizona and--I have seen in major zoos, well, I know that you have Corporate sponsors and sometimes bring collections to the art museums, you have sponsors, and you know, they are highlighted and given credit. But I have seen in major zoos where, when you want to rehab say the cheetah pen and make it more natural, that they allow a corporation basically to sponsor the renovation, and they are given credit, and obviously it is still under your control, but the corporation were the donors for that.

I do not think I have seen it in the National Zoo. Have you attempted that or thought about that?

Mr. Samper. Yes. We certainly have thought about it. We have tried it, and I am happy to say in some cases we have been successful. I think the best example is the support that we got from Fuji Film to support the panda habitat as part of Asia Trail, and they are recognized as the Fuji Panda Habitat. So it is a fine line as you say between recognizing the contribution but at the same time making sure you keep the control over the design of the exhibition. And that is what we try to do.

So we are continuing to explore corporate sponsorships as a possibility but doing them carefully.

SMITHSONIAN AFFILIATIONS

Mr. Pastor. I think when we had the National Endowment of the Arts Director, one of the issues that he brought forth, and I agree with him, is that in our public school system art education is suffering tremendously and is getting pushed aside by the testing, standardization, achievement. Much to my disappointment, I have seen that the Smithsonian's activities or the affiliates, I guess, we do not have one in Phoenix. We have Tuscan and smaller communities around Arizona that are affiliated with the Smithsonian, but I do not see major museums or facilities in Phoenix. And so we will work on that.

What does it take to become an affiliate?

Mr. Samper. Not that much, Mr. Pastor, and we can certainly explore Phoenix as a possibility. We are open to any museum

anywhere in the country that wants to become an affiliate. We ask them to make a contribution, and then we host an annual affiliates meeting. The meeting is coming up in a few weeks and I will be happy to make sure you get invited. Harold Closter is the Director of this program, and if we have a lead or a contact from anyone in Phoenix, we could certainly explore that.

We are interested in expanding the representation of the affiliates program.

Mr. Pastor. Going back to my question of art education and music education and schools, as the national advocate for the arts and culture, have you involved yourself at all in developing material or associating yourself with schools so that we do not lose the emphasis in art education in our public schools?

Mr. Samper. This is a very important issue. We are all concerned about the quality of education in our schools in arts and history and science as well. We have addressed education in two ways. The individual museums develop materials specifically tailored towards schools and to school groups. We are fortunate to host about 650,000 school students every year that come to the Smithsonian. Of course, that means those who can come to Washington.

Some of these materials are made available in the other ways. In the science areas we have developed in the last 20 years a very successful program called the National Sciences Resources Center, which is a partnership with the National Academy of Sciences, that is specifically designed to provide curriculum materials for schools that are being used right now in 20 percent of U.S. schools. We do not have a program that size in the arts or culture, but it is certainly something we are looking at.

I am also happy to report that we have now entered into an agreement with the Council of Chief State School Officers to specifically look for ways that we can collaborate with them, and one of the first steps we took was to develop a new website that ties the content in our website to the educational standards for each of the states. So it is a gateway. Any teacher, say in Arizona, can go through there and see what the materials are and how they tie in with the standards for Arizona.

Now, that is for the existing materials and clearly as we receive additional resources, we want to expand the offerings that we have on the Internet.

Mr. Pastor. Do you offer a virtual tour through any of your museums?

Mr. Samper. We have through some of our exhibitions, not necessarily a full museum. Even for museums that do not have a building, we are starting to do virtual activities or exhibitions. A good example is the new National Museum of African-American History and Culture, where there will not be a building for another 8 years, but we are already developing exhibitions online in partnership with different institutions.

So we are certainly interested in expanding our presence on the web and the materials that we can give.

Mr. Pastor. Thank you. Thank you, Mr. Chairman.

Mr. Dicks. Mr. Peterson.

SMITHSONIAN MEMBERSHIP PROGRAM

Mr. Peterson. Yes. Welcome.

Mr. Samper. Thank you, Mr. Peterson.

Mr. Peterson. I have just been intrigued, I was not going to talk about this, but I have been intrigued by the discussion of people giving. You know, I, people from my district, they just love the Smithsonian. I mean, that is one of their favorite places to go, and I guess I have been a retailer all my life and in public. I think you are missing a great opportunity, and I guess I would suggest you might establish friends of the Smithsonian, with a, you know, and so much money is raised today with just a card that you put your credit card number in, you sign it, you know, or check attached, you know, with an envelope.

If you have 26 million visitors, if 10 percent had a benevolent feeling in their heart, and they gave you \$10 a piece on an average, you bring in 26 million. If they gave you \$100, you bring in \$260 million. I mean, you are talking real money here, and then there is a lot of generous historians out there. I mean, people that have made a lot of money and love what they see and love this opportunity. I think you are missing a huge opportunity.

But it should not be a fee. It should be, I like this. I want more of it.

Mr. Samper. Yes.

Mr. Peterson. Tax deduction.

Mr. Samper. It is a good point, and we actually have a membership program that we set up that is tied with our Smithsonian membership and our ``Smithsonian Magazine.''' And it is one of the benefits that we have. We have about two million people who right now subscribe to the magazine and provide a donation, I think right now it is \$19 for new subscribers, and the good news is when you look at all that, we do get a net revenue from our magazine activities of about \$12 million every year that we use to support the mission directly.

In addition to that, there is one unit that has developed a friends program, the Friends of the National Zoo here locally.

Mr. Peterson. Yes.

Mr. Samper. They have a program. I am a member, and I think many of us with small children in the District are members. We contribute, and that is also successful, but we can certainly expand this. As we gear up for a national campaign, I think the opportunity, which I see as you do, is to take this base membership of our visitors and try and get them to give additional contributions.

ENCYCLOPEDIA OF LIFE

Mr. Peterson. Just friends of. It is like it is not an annual thing. I am just, this is today. And so when I visit, I come back 4 years later with my kids, and I pick up another card, and I mean, you are going to have people that are going to write big checks. Do not underestimate it. I mean, people love to go to the Smithsonian. And they love their grandchildren to go to the Smithsonian. So I mean, I just think

it has huge potential, but make it simple. Do not make it complicated.

You embarked some time back on an effort to digitize the Smithsonian collection so that the public can have access online. I also note that you have been given a very generous private gift from the McArthur and Sloan Foundation to digitize the collection of the Natural History Museum. I believe it is entitled, Encyclopedia of Life. Can you tell me how those efforts are proceeding?

Mr. Samper. Yes. We are making slow but steady progress in digitization. I think one of the great things of the Smithsonian is the collection, but the vast majority of that collection is behind the scenes and not necessarily available to people out there. So digitizing some of this collection is a top priority.

We have made progress in some of the natural history collections as you mentioned, digitizing what we call the type specimens, which are the original specimens used to describe a species. We also have a Smithsonian Photography Initiative that has allowed us to digitize some of our photographic collections. Although we are making some progress, it is an area where historically we have underinvested. I do see tremendous potential here in terms of getting more of our content out.

We put together a digitization group to study this and determine the priorities. We have their report and we have made some budget requests to try to see increases that focus specifically on digitization of the collections.

The Encyclopedia of Life is a project that happens to be close to my heart, because I am the principal investigator on that project. And as you point out, we were fortunate to get a total of \$25 million in support from two private foundations for the project. It will be tied to our collections, but the concept is relatively simple: create a web page for every known living species on the planet, 1.8 million pages. We have launched the prototype with the first 35,000 pages just a few weeks ago. It is up and running, and I think this will be a great opportunity to link the Smithsonian to school children across America, bringing our content to them.

One of the components is digitizing the libraries; we have almost one million volumes in our libraries with a lot of the original descriptions that are not easily available to people. So our goal is to digitize about 50 million pages of the literature and put them up for free on the Internet.

I am very inspired by this project, and we need to replicate it in other areas--in arts and culture--and I think that is where the future lies for the Smithsonian.

HISTORY OF ENERGY

Mr. Peterson. One area I was surprised my last time there, of course, I have not seen it all, but we do not really have much on the history of energy, and you know, energy is the issue of the day. It is going to be the issue of the day for a long time to come, and I happen to come where the energy thing started. I was born a mile from the first oil well in America, Drake Oil, so I guess the history of oil has always been

intriguing to me.

But I was, you know, it changed America. It changed the world. Energy is, there is nothing, you know, the second thing probably is computers that has changed the world, but nothing changed the discovery of modern sources of energy.

Is there any plan to expand our energy history?

Mr. Samper. We certainly have some important collections at the American History Museum focusing on the area of energy, but I think it is the earlier history, not necessarily some of the recent history as you have mentioned.

Mr. Peterson. Well, we should have it the complete history of how----

Mr. Samper. I think it is a good point. I am not aware of any short-term, immediate plans to focus on this, say, for an exhibition, but let me take that away as a suggestion. I will make sure I convey it to our Director of the Museum of American History.

Mr. Peterson. It is certainly a time when some of the energy giants who are going to do very well for a long time in the future could be very big benefactors and could help us prepare. Today is the time I think. I mean----

Mr. Samper. Point well taken.

Mr. Peterson. Thank you.

Mr. Samper. Thank you.

Mr. Dicks. Mr. Goode.

SMITHSONIAN STUDENT TRAVEL PROGRAM

Mr. Goode. Thank you, Mr. Chairman, and thank you for being here, Mr. Samper.

Mr. Samper. Thank you, Congressman Goode.

Mr. Goode. I know Congressman Moran touched upon this. Your, you have a license or a contract with a French firm. I believe it is called E. F.?

Mr. Samper. E. F. Travel.

Mr. Goode. Yes.

Mr. Samper. Yes. This is a licensing deal that was entered into by Smithsonian Business Ventures. We covered this before. This company is registered in the United States as well and----

Mr. Goode. But most of the owners of the company are not in the United States.

Mr. Samper. They have foreign interests, but they are registered in the United States, but, yes, we have that, and I was mentioning to Mr. Moran----

Mr. Goode. How many people do you think E. F. Travel employs totally?

Mr. Samper. I do not know the answer to that, Mr. Goode, but I am happy to get that information to you.

Mr. Goode. All right. Because I cannot tell you how much it rankles me for federal agencies just like, and I do not know who sent the passport work to some foreign country, but that really irritates me, too and it really irritates me when I see Smithsonian licenses its name to and E. F. Travel. If you are going to do that, my lands, why do you not pick a U.S. company?

Mr. Samper. I think we have heard your concerns and I was telling Mr. Moran, Mr. Goode, that we have we just had a meeting in the last couple of weeks with about eight of the

student travel organizations, American institutions. We are looking at their concerns, trying to make sure that we----

Mr. Goode. But you have an agreement with E. F. They are able to stamp, Smithsonian'' on their handbag carts. Am I not right?

Mr. Samper. They have a licensing deal that allows them to use the Smithsonian name in their marketing.

Mr. Goode. No. I mean, E. F. does, but let us say one of the U.S. firms wanted to stamp Smithsonian across their brochure. You know, the first time I saw E. F.'s brochure, I thought it was a brochure you all put out.

Mr. Samper. Yes. You are correct. The way that that licensing deal was structured does give E. F. the exclusive use of that name for the period of time of that license. What they do not have is any----

Mr. Goode. Do you think----

Mr. Samper [continuing]. Additional benefits.

Mr. Goode [continuing]. China will give a U.S. company the right to stamp on its brochure, ``Shanghai''? Probably not.

Mr. Samper. Probably not but I am not the person to answer this.

Mr. Goode. Do you think that France is going to give a U.S. company the right to stamp on its brochures, ``Eiffel Tower''? Send your dollars to one of the firms here in the U.S., and then we will get your students fixed up to tour the Eiffel Tower. Do you think they are going to do that?

Mr. Samper. Probably not.

Mr. Goode. Probably not.

Mr. Samper. What I will say, Mr. Goode, is we have heard your concerns and that of other members, and we are looking at this. As I mentioned, we are now having meetings with the U.S.-based companies in student travel. We are trying to see what steps we can take within the parameters of this license to help them and certainly we will not be looking at entering into this agreement as a sole source going forward.

Mr. Goode. Well, let me ask you this. Can you get E. F. Travel to stamp on their brochure, now, I have not looked at all of the details of the license agreement, to get them to stamp on it, E. F. Travel, under, where they have got, Smithsonian, they can drop on down there and say, this is a French company, not a U.S. company. I do not think that would be prohibited.

Mr. Samper. Probably not and we have in the conversations we have had with the U.S. student groups----

Mr. Goode. Yes.

Mr. Samper [continuing]. There have been some suggestions about how to make sure that the materials clearly specify that this is not operated by the Smithsonian, but it is a license.

Mr. Goode. Well----

Mr. Samper. We have some specific suggestions that have been put forward, and we are looking at them.

Mr. Goode. All right. And do I have any time?

Mr. Dicks. Certainly. Go ahead.

REOPENING OF THE NATIONAL MUSEUM OF AMERICAN HISTORY

Mr. Goode. When is the American History Museum going to be

up and running?

Mr. Samper. The current date that we are looking at, Mr. Goode, is November.

Mr. Goode. Of this year?

Mr. Samper. Of this year. Yes. It did slide a few months from the original plans. Unfortunately, even though this is one of our more recent museums, it is 40 years old, and when we started going in there to open the central core, we ran into asbestos and lead paint, and that set us back a few months. But we are looking at November. It will be a great addition.

Mr. Goode. I had a couple of citizens ask me why you did not do a floor at a time, but you answered it. If you have got lead paint and asbestos in there, you could not work on one floor at one time.

Mr. Samper. Correct. That was the challenge, and it was part of what was unexpected, but we are committed to reopening as fast as we can.

Mr. Goode. All right.

Mr. Samper. And because we are aware of constituents and visitors who come to see some of the collections, we have taken 150 of the treasures of American history and put them on display at the National Air and Space Museum. So someone who comes here and wants to see the Lincoln top hat or some of the other historic collections can go there. So they are on display even--

Mr. Goode. You mean the one right below the botanical garden?

Mr. Samper. Yes. Air and Space. So at least 150 of the iconic treasures are on display, because we are aware that when we get a visitor coming out from California or other places to Washington, they want to see them. We want to make sure they do not miss that opportunity.

Mr. Goode. All right. Thank you, Mr. Chairman.

ROBERT SULLIVAN ARTICLE--SMITHSONIAN EDUCATION PROGRAMS

Mr. Dicks. Robert Sullivan wrote an article in the outlook section of the ``Washington Post'' on Sunday, April 1, 2007, and in that he said, ``Eliminating the education office was a critical management error.''

Do you agree with that?

Mr. Samper. I do not think that closing that education office at Natural History as it was structured at that time was a critical management error. I came to that conclusion after a lot of review and thought over several years, including consultations with Mr. Sullivan, I might add. What I can tell you is that I made my decision so we could completely restructure and reorganize the way we tackled education. I am very happy to say that starting next Monday we will have an Assistant Director focusing on education and outreach at the National Museum of Natural History. And we are starting to rebuild this office the way it should have been handled before.

Certainly education is critical. I think it was being handled the wrong way.

Mr. Dicks. He goes on to say, ``The next Secretary will have to take the Smithsonian's educational mandate seriously. The Smithsonian's collections, working scientists, and global

research stations represent an untapped resource for improving science education on a national level at this time of urgent educational need. This immense potential has remained dormant under the current Smithsonian administration.'

Do you see that changing?

Mr. Samper. It is beginning to change, but I fully agree that really harnessing the full power of the Smithsonian in terms of education is very important, and not only informal education with our visitors, which is what we have done. How can we connect our content with the schools--and the issues that we were discussing with Mr. Pastor. I have told Dr. Clough, the incoming Secretary, that taking a hard look at our education and the way we manage it has to be one of the priorities.

Mr. Dicks. He also goes on, and he mentions that he thinks that the website is underdeveloped. Do you agree with that?

Mr. Samper. Yes. I do, Mr. Chairman.

Mr. Dicks. And are we doing anything about that?

Mr. Samper. We are chiseling around the edges, and there are a few good areas, such as the Encyclopedia of Life, which is something important. We are fortunate to have 180 million web visitor sessions to our websites, but we have never seriously invested in our efforts in education and outreach through the Internet. This is a relatively new technology, as you know, which provides incredible opportunities, but we have focused so much in seeing the Smithsonian as a destination and an exhibition, that we have never made the same kind of investments in the web.

So I do believe that the web, where we have under invested, is an area that has tremendous potential for the Smithsonian. With your support and private donors, we will try new initiatives, like the Encyclopedia of Life.

Mr. Dicks. Dr. Clough does not have to be confirmed. Is that correct?

Mr. Samper. That is correct.

Mr. Dicks. So he will come in July?

Mr. Samper. He starts July 1.

REGENTS' OVERSIGHT

Mr. Dicks. The review of the Smithsonian conducted last spring and summer was highly critical of the Regents' level of oversight during the tenure of the last Secretary. Basically they said the Regents kind of were not there. How have the Regents dealt with this concern? I know they have been very active. I think they have done a good job of making the changes in the governance, but give me your evaluation. Does this still have to improve more?

Mr. Samper. I think we have come a long way, Mr. Chairman. Of course, my experience with the Regents is limited to the last 13 months.

Mr. Dicks. Yes.

Mr. Samper. What I can tell you is that we have a very engaged Board of Regents right now. I cannot speak to how they were 4 or 5 years ago, but certainly right now I think important changes have been made: the appointment of a separate Chairman of the Board of Regents, the restructuring of the

Regents' committees, the appointment of a new Regent like Mr. McCarter. I should add that I have been very impressed with the level of engagement of activity that we have had from the Congressional Regents.

Mr. Dicks. We certainly feel that up here.

Mr. Samper [continuing]. It has been very important for us, and I can tell you that those members, those three members from the House who sit on the Board of Regents, are certainly expressing many of these concerns there at the table. They are not just----

Mr. Dicks. Yes.

Mr. Samper [continuing]. Relaying information here. They are taking views from the Hill to the Regents.

Mr. Dicks. In evaluating the idea of having the Vice-President and the Chief Justice as Regents, just because those jobs are so immense, is that still appropriate, do you think?

Mr. Samper. Conceptually it made a lot of sense in that when the Smithsonian was created in 1846, the idea was to have representation from the three branches of government, and I think that still holds true. I have personally been very impressed with the level of engagement and thoughtfulness of the Chief Justice, I have been meeting with him pretty much every other month for the last year, talking about these issues, and he is very engaged. And in my view he brings a longer-term perspective to these issues, and I find his contributions valuable. He is certainly a very busy man, and I think that is why the creation of a position of the Chairman separate from the Chancellor was a very important step forward, and I think it is beginning to work.

Mr. Dicks. What is that supposed to do for us?

Mr. Samper. The oversight and the interaction on a day-to-day basis in the management of the Smithsonian is something that could not be there. As you point out, the Chief Justice is very busy with other duties----

Mr. Dicks. Right.

Mr. Samper [continuing]. And responsibilities, and even if I see him every other month, there are questions that as Acting Secretary I have on almost a daily basis that I want to discuss. Now with the appointment of a Chairman of the Board, Mr. Roger Sant, I am in contact with him two or three times a week about critical issues. So the level of oversight and engagement is better.

Mr. Dicks. How are the Secretary and Mr. Sant supposed to interact together? How does that work? Is it like a team, a partnership, a CEO and a Chief Executive Officer?

Mr. Samper. In my view it is a partnership, but I think it is very important to keep a very clear distinction between the governing Board and the management. A natural response when we go through a time of crisis, you tend to overcompensate. I have been very candid with the Board of Regents where I think in some areas they have overstepped their mandate into the management, and I think we have to find that balance going forward. In some areas we are there, and in others we still have to find that right balance.

Mr. Dicks. And one other, the Regents agreed to conduct their proceedings in a more transparent fashion. Can you tell us about efforts to increase transparency and governance in general and about the commitment to open meetings in general?

Mr. Samper. Yes. I think the proceedings of the Board of Regents were something that has not been clear or open to people outside or even inside the Smithsonian. We have taken steps to improve this. One step that has been taken is to post the minutes of the meetings of the Board of Regents. The minutes are now publicly available on a website that we have created for the Board of Regents. If you had gone on our website a year and a half ago, you would have had a hard time finding any of this information.

Mr. Dicks. Now, we have a question on that. Apparently the January meeting of the Regents has not appeared.

Mr. Samper. I believe that is correct because they have not approved the minutes. They will approve them at their May 5 meeting. As soon as they approve the minutes of the meeting, they will post them, and that will happen in May.

Mr. Dicks. But if it is months later, I think there ought to be some way to fix that. I think that is too long a period of time. I mean, maybe Mr. Sant can review it on--behalf of the Regents and approve it being put on the website. I think 5, 6 months makes it look like it is not transparent.

Mr. Samper. I take your point. I will be happy to convey your point of view to Mr. Sant. It will not be 5 or 6 months because, as you know, the Board of Regents is now going to start meeting or has started meeting quarterly.

Mr. Dicks. And also the agenda for the May meeting has not been posted either.

Mr. Samper. Probably not. The Executive Committee of the Board of Regents which approves that agenda is meeting on the 24th. As soon as they meet, the agenda will be made public.

On the other issue that you mentioned, the Regents have made a commitment to hold a public meeting every year as a way to share the proceedings and also to solicit input. And last year the Board of Regents held a public forum that focused specifically around the topic of the search for the Secretary to discuss the profile and the characteristics and solicit comments. I think that was a step in the right direction, and they are currently planning at some point this fall, once Dr. Clough is on board as the permanent Secretary, to have one of their meetings in public, either in September or November.

Mr. Dicks. Yes. We were concerned about that because we had not seen it on the calendar.

Mr. Samper. They decided to wait to make sure Dr. Clough as the permanent Secretary is on board. They are still discussing the date.

SMITHSONIAN UNIFIED COMPENSATION AND LEAVE SYSTEM

Mr. Dicks. One of the most serious concerns last year related to the significant number of Smithsonian employees being paid far in excess of other government-funded employees. In response, the Regents adopted a unified compensation and leave system for the Smithsonian with pay more in line with the federal pay scale.

Can you explain how this system will work and how current employees with salaries above the level will be treated?

Mr. Samper. Yes, Mr. Chairman. This is one of the key governance reforms, and we spent a lot of time at the end of last year working on this issue. The Regents did, indeed, develop what we call the unified compensation approach, where we established that there were two criteria to be used in classifying any position for a senior manager at the Smithsonian. The main test is whether this job has an equivalent in the Federal government, and the second is whether there is a substantial number of candidates that would be available from a federal pool.

We then reviewed all the senior executive positions across the entire Smithsonian and we classified the positions into two groups. A few positions are what we call market-based positions, which clearly do not have an equivalent or a function in the Federal government, and the others fell into the federal-equivalent category.

Following that review of the top positions in the Smithsonian, we determined there are a total of 66 positions that we consider should be market-based, 51 of which have incumbents with salaries above the Federal senior level pay cap. That includes primarily the Secretary, Under Secretaries, and the Directors of the museums, which have substantial fundraising components and where there is significant competition from other museums that are privately run. And we categorized 38 positions that we will now consider to be federal equivalents. For those positions, because in some cases there are incumbents who have salaries above the senior level salary for the Federal government, the Board of Regents determined that there is a 5-year transition period with grandfathering so that those people who came in with a contract will not necessarily see an automatic cut. We want to honor the contracts they had, but over a period of 5 years, and if any of those people leave and are replaced, we would advertise within the new market, in this case using a federal-equivalent compensation approach.

So we are implementing----

Mr. Dicks [continuing]. Any impact on----

Mr. Samper. We are beginning to see it. I think we will be losing some of our employees, people who had an expectation of a career path with salaries that were substantially higher than the federal pay cap. There is one case that I am aware of at this point where one of these employees, our Chief Technology Officer, has actually indicated he intends to leave the Smithsonian because of this change in compensation.

Mr. Pastor. Mr. Chairman.

Mr. Dicks. Yes.

Mr. Pastor. It is all in the January minutes.

Mr. Dicks. It is in the January minutes. Okay.

MANAGEMENT OF EXPENDITURES

There have been recent reports about the use of Smithsonian funds to pay for high-cost travel and inappropriate use of funds for purchase of personal portraits. What changes have been put in place to more aggressively manage these type of

potentially controversial expenditures?

Mr. Samper. Very soon after I took over, we issued some interim guidelines. We are now following the Federal Travel Regulations for all of our employees, whether they are federal or trust employees. We are making sure that there are the right procedures and approval levels for this.

I am happy to say that we have now conducted a comprehensive review of our top 60 employees around the Institution, and the case that you referred to was clearly an anomaly. Most of the Directors of the Museums are using the funds wisely. My own experience as a Director of a Museum is I have to raise the money that I use for travel, so I tend to use it very wisely.

In terms of some of the contracts for, say, the portrait that you are talking about, we are making sure that we follow the best practices and procedures, and we are about to issue a new contracting policy, which will be reviewed in May for the Regents' meeting. I think that will help close any loopholes. But I am happy to say that these are exceptions and not in any way widespread.

Mr. Dicks. Mr. Tiahrt.

Mr. Tiahrt. Mr. Chairman, I think I will just review January's notes. I do not have any more questions, Mr. Chairman. Thank you.

I would like to say, though, that I think that Secretary Samper has done a very good job in coming into this position and filling some big shoes, and I think it is a tough job, and you have done very well, and I am glad you are staying on with the Smithsonian. I would just like to reflect that in the record.

Mr. Samper. Thank you very much, Mr. Tiahrt.

Mr. Dicks. I concur with that. I think that you are absolutely right.

Mr. Samper. I look forward to returning to my position as Director of the Natural History Museum.

Mr. Pastor. More regular hours probably.

Mr. Samper. I will have a few more nights with my family and my 2-year-old daughter, which is something I will welcome.

STATUS OF THE NATIONAL MUSEUM OF AFRICAN AMERICAN HISTORY AND CULTURE

Mr. Dicks. Can you update the Committee briefly on the status of the planning for the African American Museum, in particular the status of the fundraising effort?

Mr. Samper. Yes. The National Museum of African American History and Culture is at the early stages of design. We are currently doing the scoping document and designing the parameters of the museum, what the main program will be. This is key in terms of using these plans as an input for the actual design of the building.

I am happy to say that some of the fundraising activities have begun. Most of the members of the Council who were appointed have made generous contributions, and we have a nucleus fund that is being used to support some of these activities.

Clearly, the major fundraising phase of this museum will not start until we actually have something to put in front of

people in terms of the design of the facility. Our commitment, as we were directed in the legislation, is to go out and raise half of the funds for construction. The whole project will require us to raise about \$250 million over the next 5 years, and we are hopeful that with the very able Director that we have in Mr. Lonnie Bunch and some of the members of the Council, we can take up this challenge.

Mr. Dicks. Anyone want to ask any further questions?

Mr. Goode.

FEDERAL CREDIT CARDS AT THE SMITHSONIAN

Mr. Goode. Thank you, Mr. Chairman.

Let me ask you this, with the Smithsonian, how many persons have credit cards issued by the Federal government that work for the Smithsonian?

Mr. Samper. Let me turn around to my support team here. I do not know the answer off the top of my head. My guess is several hundred if you are including travel cards and purchase cards. I will be happy to get that information for you.

Mr. Goode. My experience has been if they have to pay for it themselves first and get reimbursed, a lot of times, it is easier to spend with a credit card than to get reimbursed.

Mr. Samper. I think you are correct, and I can tell you my own experience as someone that holds a travel card from the Smithsonian, that I pay the bill when it comes, and then I get my reimbursement.

Mr. Goode. All right. Well----

Mr. Samper. So I think we have got that in place.

Mr. Goode. As someone who could get a credit card from a Federal government, I do not have one and no one in my office has one.

[The information follows:]

Number of Credit Cards Issued to Smithsonian Staff

As of April 2008, the Smithsonian Institution has issued 2,753 Travel Cards and 728 Purchase Cards.

DEACCESSIONING SMITHSONIAN COLLECTIONS

But let me jump to another area. I read several years ago that the Smithsonian, and this may have been 25, 30, years ago, that in some areas you had so much in the way of collections that you just burned up things or sunk them in the Potomac. Is there any truth to that?

Mr. Samper. Not that I am aware of, but we have been around for 160 years. Certainly not in the recent past. We do de-accession collections but certainly in the collections I have seen----

Mr. Goode. When you do that, do you sell them, or do you destroy them or----

Mr. Samper. Usually it depends on the collection but in my experience as Director of the Natural History Museum, what we tend to do, if the collection has scientific value or educational value, is to give it to other museums. So we look for regional museums and give them some of these collections

that are no longer of use to us. There are cases where there may be some specimens that may not have the right information or may not be useful for that purpose. In some cases we will destroy some specimens. But it tends to be a handful--I think the majority of it are loans and exchanges, which is the way that we do this. And there are some cases I am aware of in art or other areas where we may work with an artist, take one piece and give it back to an artist in exchange for another piece that will enhance the diversity of our collections.

Mr. Goode. Our college, the University of Virginia law library, and this was, again, many years ago, they would get collections of books, and they eventually got overrun with books, so they threw some of the old books in the dumpster or destroyed the books.

And I know sometimes with collections, I do not know, maybe it is not too much with you, you have to, you want one or two items out of a collection that enhances the Smithsonian's treasures, but you do not want the whole thing, but the person wants you to take the whole thing, and if you do not take the whole thing, you may not get the few you want.

Now, that may not be the usual situation, but that can be, and on those do you destroy, do you sell them on eBay, or do you just give them to somebody that----

Mr. Samper. There are some cases like the ones you mentioned where there may be a large collection where there are just a few items that are of interest to us.

Mr. Goode. Right.

Mr. Samper. I think in general, at least my experience has been that we try and just get that part of the collection. If we cannot, we will often turn around and give the rest of the collection usually to a regional museum. At least that has been the practice in our natural history collections.

I am certainly not keen on putting any collections in the dumpster if I feel they have value for anyone else to use, either scientific or educational. I think that is the standard practice, and we are looking at a couple of cases right now. For example, the Postal Museum, which is a wonderful collection of stamps, is actually missing, if I recall correctly, I think two stamps for a complete set, and there is a collection that has been offered, if we find the right donors, that would actually allow us to have those two stamps. It is an interesting example.

SMITHSONIAN STAMP COLLECTION

Mr. Goode. Do you have the two Z Grill stamps? You know, that is probably the rarest.

Mr. Samper. Richard, do you know?

Mr. Kurin. I do not know about that. I know we have two inverted Jennys.

Mr. Goode. You have two of them?

Mr. Samper. Yes. We have those.

Mr. Goode. But the Z Grill I think from 1873, was probably--you had it on display over there. You had it.

Mr. Dicks. What is the Z Grill?

Mr. Goode. It is a grill that is long, bigger than the usual grill that was on the stamps. The grill was only on the

stamps in about the 1870s. It would soak up ink so they could not erase it and reuse the stamp.

Mr. Samper. I did not know that. That is certainly far from my expertise, but one of the things I have learned is I know who to ask, and I can certainly ask that question, Mr. Goode.

Mr. Goode. Joe Pitts can really tell you.

Mr. Samper. Thank you.

Mr. Dicks. Mr. Pastor.

LOCATION SELECTION FOR NEW MUSEUMS

Mr. Pastor. The question I had is we talked about the African-American Museum, and there is going to be a Latino Museum proposed. And I love museums. I guess we will come to the Energy Museum.

What, the locations, I am assuming people are going to want them on the Mall, and there is some limitations. So how is it that you work out these locations and----

Mr. Dicks. Carefully.

Mr. Pastor. I know it is carefully but I just, you know, what process?

Mr. Samper. Well, this is a serious issue you point out. Let me take the example of the National Museum of African-American History and Culture. The legislation that authorized us to move forward with this actually identified four possible locations. The Commission that was established to study this and the Advisory Council weighed the pros and cons of these various locations. The Arts and Industries Building was one of the possibilities. There was a site that belonged to the National Park Service, which is between American History and the Washington Monument, which ended up being the preferred location. There was another one across from the Botanic Garden, and there was another one that was close to the river off the Mall.

And I think you point out correctly that everyone wants a museum on the Mall, and there are not many sites. I think as we are engaging in this discussion about the future of the Mall and what we want to do here, there are going to be limited options, and we will have to look for alternatives. It is one of the big issues that any future museums will need to be examining, and monuments as well, because there is no doubt that we are running out of space.

Mr. Pastor. I do not know if there is such a body that looks at the Mall, what is currently there and has future predictions, and I guess if there is one, do you have a seat on that body?

Mr. Samper. There is certainly a lot of interest in this, the National Park Service is currently holding sessions and looking at options for the future. We consult with them regularly, and there are also non-profit groups that are interested as well, a group called the Mall Conservancy and also NCPC, the National Capitol Planning Commission.

Mr. Pastor. But who has the main jurisdiction to determine----

Mr. Samper. The National Park Service.

Mr. Pastor. The National Park Service.

Mr. Samper. Yes.

Mr. Pastor. Thank you, Mr. Chairman.

ROBERT SULLIVAN ARTICLE--PUBLIC INTEREST IN NEW MUSEUMS

Mr. Dicks. Let me ask you. Going back to this Sullivan article again, he says here, ``Consider these recent failures. The inflated attendance and income projections used to justify the Steven F. Udvar-Hazy Center, the National Air and Space Museum companion facility near Dulles, were woefully optimistic, and the resulting income shortfall has become a financial strain on the Smithsonian. The confusing light-on-content exhibits of the National Museum of the American Indian, have failed to sustain public interest. Attendance has sunk by 50 percent since the museum opened in 2004.''

I mean, are you concerned that here we are with these two major projects that have not in essence lived up to expectations? And what can we do about that?

Mr. Samper. We are looking at them, but in my view I think both the American Indian Museum and the Udvar-Hazy Center have been successful museums. They can still be improved.

Mr. Dicks. But the attendance has not been what you would like.

Mr. Samper. Well, it depends on some of the projections. Take the case of Udvar-Hazy. Some of the projections that were looked at assumed that there was going to be Metrorail out to Dulles Airport.

Mr. Dicks. Yes.

Mr. Samper. And that is a major assumption that did not happen. Udvar-Hazy is taking a million visitors a year right now, and ven though it may not have been everything we wanted, still makes it one of the most visited museums in the world, certainly in the United States. So I think that is non-trivial.

There is no doubt that the attendance will increase if Metro is built out there. Both General Dailey and the advisory board of the museum have taken steps with the airport authority to look at new signs and new advertisements to drive more traffic there.

The American Indian Museum is also doing well. The drop off after you open any new museum is inevitable. We always see it.

Mr. Dicks. Yes.

Mr. Samper. There is a novelty effect. There have been legitimate concerns and different points of view about the way you present some of these exhibitions, and I think that is part of what makes curatorial work so important. The new Director of the American Indian Museum, who I appointed, Kevin Gover, is aware of some of these concerns, and he is currently beginning a process to look at the way some of the exhibitions are done, and he recognizes that increasing attendance is one of his priorities.

USE OF ENDOWMENT FOR REPAIRS

Mr. Dicks. According to figures given to the Committee last week, the Smithsonian endowment increased \$156 million last year to a total of just under a billion. Unrestricted endowment balances rose \$41 million to just under \$400 million.

If the facility backlog is so serious, why shouldn't a

significant amount of the endowment go toward these repairs?

Mr. Samper. It is certainly one of the options that the Regents have been considering, either doing a one-time payment or increasing the payout. The concern is the long-term viability of the endowment. As we have seen in the last few weeks part of the reason you want a lower payout is to make sure that it protects you in the downtimes.

Mr. Dicks. Yes.

Mr. Samper. And that is what we are looking at. We have seen the value of----

Mr. Dicks. Because the market goes up and down.

Mr. Samper [continuing]. Our endowment dip by tens of millions of dollars in the last few weeks, but we are in this for the long term.

The challenge is, as you pointed out correctly, the majority of that endowment is restricted gifts for particular museums or activities. There is a portion that is unrestricted. The challenge is that that unrestricted income is used to cover some of the key salaries, for example, the Museum Director salaries. If we were to move that toward the facilities, we could certainly examine that. The question is how are we going to cover the shortfall for the other activities?

Having worked and struggled this year in looking at some of the activities in the central trust budget, and even trying to free up \$1 million to support what we call the Scholarly Studies Program, I could tell you that was a major piece of work.

We need to look at it because these are legitimate costs that the Smithsonian will have, and if we move some funds to one category, we have to find alternatives for the others.

Mr. Dicks. Any further questions?

Mr. Pastor.

LOANED ARTIFACTS

Mr. Pastor. I want to congratulate you on this beautiful carving. I got a chance to see it. It is a beautiful carving, and I know on occasion museums and art museums will lend to governmental units----

Mr. Dicks. That is the case here. This is from the Bureau of Indian Affairs.

Mr. Pastor. It is a beautiful piece. Maybe either the east wing or the west wing of the Art Museum could give you a couple of Pollacks or----

Mr. Dicks. We will work on that. Mike Stephens is in charge of the art.

Mr. Pastor. Okay.

Mr. Samper. Just let me mention, Mr. Pastor, that we do actually loan some of our collections. The National Gallery does not do it, but we will and have loaned some of these pieces.

Mr. Dicks. We could have a few of these invasives here, too.

Mr. Samper. We hope we can keep them in the case, Mr. Chairman, and dead. These are the ones we want dead. I do want to mention several of my colleagues who work with collections are here. So if any of you have a few minutes, I think hearing

about these objects from our specialists is something that, as you know, I believe in very strongly.

Mr. Dicks. Yes.

Mr. Samper. It is the specialists who make the objects in the collections come alive, so if you have 5 minutes, please take a look. This does not happen every day. So thank you.

Mr. Tiaht. Is the Tucker automobile on loan capability? Can you get that?

Mr. Dicks. Okay. We are going to have one outside witness to testify, and then we will do it. Why don't we do it like that? Is that all right?

Mr. Samper. Fine. Yes, Mr. Chairman.

OUTSIDE WITNESS

Mr. Dicks. All right. Thank you. And we are going to call up our former colleague, Tony Beilenson, who had requested a chance to testify as an outside witness. We could not work out the schedule for the other day, but he is here today, and I wanted to give him a chance to make a brief statement.

Tony, nice of you to be here. Yes.

Mr. Beilenson. It is kind of you, Mr. Chairman.

Mr. Dicks. Yes.

Mr. Beilenson. I do not want to intrude, but I care greatly about the Smithsonian as my former colleagues know. I have had the privilege the last 12\1/2\ years of serving on the Board of Commissioners in Curley as the Vice-Chairman of the Board of Commissioners of the National Portrait Gallery, which is a small but wonderful unit of the Smithsonian and is part of that redoing of the Patent Office Building, which was alluded to earlier, and it is just, it is a magnificent place for those of you who have not had the chance to visit it since it reopened back in June or July. I urge you to go there.

I just wanted, this will not take more than a minute, Mr. Chairman, but I wanted to put in a good word in general for the Smithsonian, most especially for the Regents, whom I guess are not here today, include as, again, you have alluded to, several distinguished colleagues of your own.

I think the Board of Regents as it is currently constituted and as is currently acting, deserves an enormous amount of credit, starting with the wise and inspired choice as Acting Secretary of Dr. Samper, who has more than fulfilled any reasonable expectations and hopes of outstanding service in that capacity. And I must say I think it is----

Mr. Dicks. We agree with you on that.

Mr. Beilenson [continuing]. Impossible, you cannot believe what this gentleman has done in the past year or so. It is impossible to say enough about the wonderful job that he has done.

But I think also with respect to the Regents, who are a totally different group of folks, not different human beings but in terms of how they are acting, than they were a year ago because all of a sudden they have had these huge responsibilities which they had thrown upon them and have accepted, have been able to accept for the first time because, quite frankly, they were kept away from everything by the prior Secretary. They were not allowed, they did not know what was

going on. It really was not their fault.

Quite heroically I think they faced up to the responsibilities and the needs of the Smithsonian and instead of taking the easy way out, which a lot of people encouraged them to do, quite frankly, and walking away from a shipwreck that was largely not their fault nor of their making, these very few men and women stayed on and with great energy and an enormous amount of very hard work, have turned that institution around in the very short time of less than 1 year by undertaking and putting into place the many reforms and changes that were testified about today in which you gentlemen already knew about. So that the Smithsonian is now internally stronger and in much better and healthier shape than it has been certainly in the more than 12 years since I have been associated in my little way with it. It is a totally different institution. It is open, the morale is ten times, maybe 40 times better than it was under Secretary Small. The various Directors of the museums meet with the Acting Secretary all the time and with one another, as they did not use to, the Acting Secretary has met with all of these outside groups and involved hundreds, I suppose thousands of people in the workings and in the raising of money for the museum, which never went on before. It is a totally different creature than it was just a year or so ago, due both to Dr. Samper and the very hard work of the Regents as they are now constituted.

Finally, I just wanted to say, and you do not need to be told this, of course, that it is essential to acknowledge these important changes in order to greet the incoming Secretary, and quite frankly, I must say I am sorry it is not Dr. Samper. He should have been the choice but apparently this other fellow is a very good guy, and we all hope so. To greet the incoming Secretary with the support and encouragement which he and the Smithsonian deserves since he is first coming onto this thing.

I mean, put aside the fact that there was disaster at the Smithsonian a year and more ago and look at it as a new institution with new leadership and give him all the possible support that you can, because we never can forget, and I know that you folks never do either, we always have to remind ourselves that we are discussing something here which is much larger and more important than the particular individuals who are involved in running it or in being responsible for it but rather the great institution itself and what it means and stands for to the millions of Americans who cherish it and who come to visit it every year.

And I thank you very much for allowing me to come in here.

Mr. Dicks. We have outside witnesses.

Mr. Beilenson. I am not outside. I am a member.

Mr. Dicks. Well, I know, but you are a former member.

Mr. Beilenson. Former member.

Mr. Dicks. So, therefore, you are an outside witness.

Mr. Beilenson. The Chairman and I were both elected 100 years ago. Some of you may have----

Mr. Dicks. We were in the same class.

Mr. Beilenson. Thank you, sir.

OUTSIDE WITNESS

Mr. Dicks. Todd, anyone else want----

Mr. Tiahrt. I just want to say, Mr. Chairman, that I appreciate Tony coming forward and sharing that with us, because we do not have that inside perspective of what has been going on in the Institution. We just have the hearing process and to hear that the morale is up I think is significant.

Mr. Beilenson. It is a totally different place----

Mr. Tiahrt. And the fact that this is different----

Mr. Beilenson [continuing]. Because of this guy.

Mr. Tiahrt [continuing]. Is very encouraging to me, and I just want to thank you for your testimony.

Mr. Dicks. Well, we completely agree with what you have just said.

Mr. Beilenson. I know you do.

Mr. Dicks. And we appreciate your being on the Advisory Group and working on this and caring about it, which is very important. It is a national treasure, and we are concerned. I agree with you. I think it has been turned around. I think there is still a lot of work to do. We do not have the resources. I mean, this is one of our major problems----

Mr. Beilenson. Of course.

Mr. Dicks [continuing]. You know. Our Committee this year is cut a billion dollars below last year's level in the Presidents request. You know, so we do not have, if we had all the money in the world, we could start really addressing the backlog and the maintenance and all the other things that have to be done, and the need for new exhibits and new facilities and better educational programs. I mean, all these things need to be done, but this is the most generous budget for the Smithsonian of any entity before this Committee.

Mr. Beilenson. Five percent.

Mr. Dicks. Five percent. Everybody else is a freeze or freeze minus. And, you know, we should have also gotten a \$600 million adjustment just to meet the current services baseline. So actually we are \$1.6 billion below last year's level. And the whole focus of deficit reduction is on domestic discretionary spending programs.

Mr. Beilenson. I understand, Mr. Chairman.

Mr. Dicks. I just want you to know that we want to do more. In fact, last year when we got a good allocation, we did more, but at the end of the day, the President said, if you want your bill signed, you have to reduce it, so we had to take it back down. Actually, the Smithsonian came out very, very well in that process, and your colleague from California, Senator Feinstein, who is our counterpart, she was very strong and supportive of the Smithsonian.

Mr. Beilenson. That is good.

Mr. Dicks. The money came out right.

Mr. Beilenson. That is because you were there, Mr. Chairman.

Mr. Dicks. Well, we did our part.

Mr. Beilenson. Right.

Mr. Dicks. Okay.

Mr. Beilenson. You certainly did, and everyone at the Smithsonian appreciates it.

Mr. Dicks. Well, thank you.

Mr. Beilenson. Thank you very much.

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