

**INTERIOR, ENVIRONMENT, AND RELATED  
AGENCIES APPROPRIATIONS FOR 2010**

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**HEARINGS**  
BEFORE A  
SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED ELEVENTH CONGRESS  
FIRST SESSION

SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND  
RELATED AGENCIES

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TOM COLE, Oklahoma

NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking  
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

DELIA SCOTT, CHRISTOPHER TOPIK, JULIE FALKNER,  
JASON GRAY, and BETH HOUSER  
*Staff Assistants*

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**PART 8**

**OVERSIGHT HEARING ON SMITHSONIAN INSTITUTION**



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Printed for the use of the Committee on Appropriations

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U.S. GOVERNMENT PRINTING OFFICE

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**DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2010**

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THURSDAY, DECEMBER 10, 2009.

**OVERSIGHT HEARING ON SMITHSONIAN INSTITUTION**

**WITNESSES**

**MARK GOLDSTEIN, GAO, DIRECTOR, PHYSICAL INFRASTRUCTURE TEAM**

**A. SPRIGHTLEY RYAN, SMITHSONIAN INSTITUTION, INSPECTOR GENERAL**

**DR. G. WAYNE CLOUGH, SECRETARY, SMITHSONIAN INSTITUTION**

Mr. DICKS. The Committee will come to order.

I want to welcome our witnesses this morning from the Government Accountability Office and the Smithsonian Institution's Inspector General and Secretary. Our first panel will include Mr. Mark Goldstein, Director of the Physical Resource Team of the GAO, and Ms. Sprightley Ryan, Inspector General. After we hear their testimony and ask them some questions, I would like them to stay in the hearing room while we listen to testimony from Secretary Wayne Clough. We want to focus on recent reviews of governance and facilities, as well as other management control and collection care issues. We thank all of the witnesses for appearing here today.

I am glad that we have a chance to have this hearing today. As most of you know, our Committee has had some serious concerns for how the previous Smithsonian Secretary was governing the Institution. We were particularly troubled by the major ethical and judgment lapses. The Smithsonian is a vital national cultural and scientific resource. The specialists, the museums and the varied educational programs such as the National Zoo are special to all Americans, and there is a huge federal investment as well for which taxpayers expect accountability and responsibility. To ensure these, management and leadership are critical.

Today we will begin by focusing on governance issues at the Smithsonian. As a result of public and Congressional demands, the Smithsonian completed detailed reports on reforms identified by the Independent Review Committee and the Regents Governance Committee. We have tasked the GAO to evaluate the Smithsonian's progress at implementing these important reforms. Although the Institution has been quite responsive so far, it is our role to carefully monitor the progress and see where we can help encourage further reform implementation.

The GAO physical infrastructure team review of the Smithsonian verifies that the maintenance backlog is huge and getting worse. This is not new information. We face this situation with many of our agencies. For years there have been reviews and concerns for degraded Smithsonian collections and failed buildings. Meanwhile, the Smithsonian continues to expand its facilities and its programs. There has been tremendous expansion of buildings at the Smithsonian during the past two decades. This noteworthy growth is happening while other facilities and vital collections, visitor services and scientific and cultural programs are stressed. The Committee needs to evaluate and understand what the Secretary and the Smithsonian are doing to prioritize efforts to improve this situation.

Finally, I understand the Secretary has recently completed an involved strategic planning process to guide the Smithsonian for the next decade. I hope you will explain this process so that we may all better understand how the federal, trust and private portions of the Institution all interact and work together. This will help us better understand and evaluate further funding requests.

Mr. DICKS. Before we begin, I want to ask my friend and ranking member, Mr. Simpson, if he would like to make an opening statement.

Mr. SIMPSON. Thank you, Mr. Chairman. I want to join Chairman Dicks in welcoming each of you here today. I also want to offer my congratulations to our panel of witnesses for having the foresight to testify after we have actually completed our appropriations bill.

Let me also commend Chairman Dicks for holding yet another hearing in his series of important oversight hearings on this Subcommittee. Oversight is one of the most critical functions of the Appropriations Committee, and Chairman Dicks has led by example all year long.

Judging by a review of this morning's testimony and from candid conversations with Secretary Clough, it would appear that a new era of governance has emerged at the Smithsonian. Collaboration, accountability and transparency are an integral part of the fabric of today's Smithsonian. To the public and to those of us vested with oversight responsibilities over this cherished institution, this is good news.

Before I yield back, I want to mention that our staff and the staff of this Committee had the opportunity to visit the Suitland campus earlier this week to observe and review some of the more than 100 million items in the Smithsonian's collection. I know they probably did not see all of the Smithsonian's 100 million items, but close to it. I am told it was an eye-opening experience, and I will follow-up with additional questions related to their visit as well as a variety of other subjects upon the completion of today's testimony. Thank you, Mr. Chairman.

Mr. DICKS. I want to just add, I think that Secretary Wayne Clough has really made a major change and I feel very positive about the new direction. I just want to say that there was great concern but I think we are moving in the right direction. Our committee has been very supportive of the Smithsonian over the years and will continue to be, and our only concern was that we get this

thing moving in the right direction. I think that is being accomplished.

Mr. Mark Goldstein, please present your testimony.

#### GAO TESTIMONY

Mr. GOLDSTEIN. Thank you, Mr. Chairman.

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to discuss governance and facilities-related issues at the Smithsonian Institution. Over the past several years, GAO has issued a number of reports on these important topics.

The Smithsonian is the world's largest museum complex. Its funding comes from its own private trust fund assets and federal appropriations. The Board of Regents, its governing body, is responsible for the long-term stewardship of the institution. In recent years, GAO and others have documented significant governance and accountability breakdowns at the Smithsonian which could ultimately put funding and the organization's credibility at risk.

In 2007, the Board of Regents' Governance Committee released a report recommending 42 governance reforms. In 2008, GAO found that the Board of Regents had implemented 30 of these 42 reforms. GAO also had made four additional recommendations at that time.

In response to a recent Congressional mandate, this report and testimony provides an update on the status of the Smithsonian's implementation of governance reforms recommended by the Board of Regents' Governance Committee and GAO. The work for this report is based on an analysis of Smithsonian documents, interviews with Smithsonian officials and a GAO report on Smithsonian governance. We are not making any new recommendations in this report or in the testimony that I am discussing this morning. I would add that the Smithsonian and its Board of Regents concurred with the findings of our report.

#### GAO SUMMARY OF GOVERNANCE REFORMS

The findings of our report are as follows. First, since May 2008, the Smithsonian has implemented nine reforms recommended by its Governance Committee in addition to the 30 it had implemented prior to May 2008 and one of four recommendations, but work remains on three reforms and on three recommendations. The nine Governance Committee reforms implemented since May 2008 include efforts such as revising policies related to travel and expense reimbursement and event expenses, creating a regents' annual public forum, and clarifying roles and responsibilities of and developing an assessment process for the Board of Regents itself. It has not completed implementation of three governance reforms related to the Smithsonian's contracting policy, a comprehensive review of financial reporting and internal controls, and enhancing the role of the advisory boards.

#### IMPLEMENTATION OF GAO RECOMMENDATIONS

Second, regarding GAO's May 2008 recommendations, the Smithsonian implemented GAO's recommendation to evaluate what actions it can take in the event of persistent neglect of duties by a

regent but has not completed implementation of the following three recommendations. The Board took steps but did not implement GAO's recommendation to develop and make public its process for the selection, use and evaluation of non-Regents. The Board of Regents posted on its website the process—

Mr. DICKS. What is a non-Regent?

Mr. GOLDSTEIN. A non-Regent is an individual who is on a committee of the Board of Regents to assist them to provide expertise and additional evaluative materials, particularly in areas where they may not have the expertise on the Board itself.

Mr. DICKS. Okay.

Mr. GOLDSTEIN. The Board of Regents posted on its website the process for selecting non-Regent committee members but did not make a final decision regarding a proposed bylaw to give non-Regent members of committees the same roles and responsibilities as Regents. The Board of Regents took steps to improve its relationship with stakeholders, including advisory boards. However, due to limitations of the efforts so far, such as their informal nature and the focus on dissemination of information from the Regents rather than two-way communication, several advisory board chairs with whom we spoke expressed concern that the Board of Regents still lacked a sufficient understanding of Smithsonian museums and other entities to govern as effectively as possible. The Board of Regents has indicated that in the future it plans to formalize two-way communications with the advisory committees to facilitate better interaction.

Finally, the Board of Regents has not conducted a comprehensive evaluation of its reforms but plans to do it in fiscal year 2010.

In conclusion, while the GAO believes that some additional work is required to complete the implementation of all recommendations, the Smithsonian has made considerable progress and has taken seriously efforts to rebuild public confidence and to ensure greater transparency and accountability.

I would be pleased to respond, Mr. Chairman, to any questions you or the members of the Subcommittee may have. Thank you.

[The statement and brief biography of Mark L. Goldstein follow:]

United States Government Accountability Office

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**GAO**

Testimony  
Before the Subcommittee on Interior,  
Environment, and Related Agencies,  
Committee on Appropriations, House of  
Representatives

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For Release on Delivery  
Expected at 10:00 a.m. EST  
December 10, 2009

**SMITHSONIAN  
INSTITUTION**

**Governance and Facilities  
Reforms Progressing, but  
Work Remains**

Statement of Mark L. Goldstein, Director  
Physical Infrastructure Issues



December 2009



Highlights of GAO-10-297T, a testimony before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

### Why GAO Did This Study

The Smithsonian Institution (Smithsonian) is the world's largest museum complex. Its funding comes from its own private trust fund assets and federal appropriations. The Smithsonian Board of Regents, the Smithsonian's governing body, is responsible for the long-term stewardship of the Smithsonian. In recent years, GAO and others have documented (1) significant governance and accountability breakdowns at the Smithsonian, which could ultimately put funding and the organization's credibility at risk, and (2) the deterioration of the Smithsonian's facilities and the threat this deterioration poses to the Smithsonian's collections.

This testimony discusses (1) the Smithsonian's status in implementing governance reforms recommended by its Governance Committee and by GAO in a 2008 report (GAO-08-632)—as discussed in a GAO report being released today (GAO-10-190R)—and (2) the Smithsonian's progress in implementing facilities and funding recommendations GAO made in a 2007 report (GAO-07-1127). The work for this testimony is based on GAO-10-190R and an analysis of documentary and testimonial evidence from Smithsonian officials.

GAO is not making recommendations in this testimony and did not make new recommendations in GAO-10-190R. The Smithsonian and the Board of Regents concurred with the findings of GAO-10-190R.

View GAO-10-297T or key components. For more information, contact Mark L. Goldstein, (202) 512-2834, or goldstein@gao.gov.

## SMITHSONIAN INSTITUTION

### Governance and Facilities Reforms Progressing, but Work Remains

#### What GAO Found

Since May 2008 the Smithsonian has implemented 9 reforms recommended by the Board of Regents Governance Committee—in addition to the 30 it had implemented prior to May 2008—and 1 of 4 GAO recommendations, but work remains on 3 reforms and 3 recommendations. The 9 Governance Committee reforms implemented since May 2008 include efforts such as revising policies related to travel and expense reimbursement and event expenses, creating a regents' annual public forum, completing a review and revision of Board of Regents committees' charters, and developing an assessment process for the Board of Regents. The Smithsonian has not completed implementation of 3 Governance Committee reforms related to the Smithsonian's contracting policy, a comprehensive review of financial reporting and internal controls, and enhancing the role of advisory boards.

Regarding GAO's May 2008 recommendations, the Smithsonian implemented GAO's recommendation to evaluate what actions it can take in the event of persistent neglect of duties by a regent, but has not completed implementation of the following three recommendations:

- The Board of Regents has not fully implemented GAO's recommendation to develop and make public its process for the selection, use, and evaluation of nonregents. The Board of Regents posted on its Web site the process for selecting nonregent committee members but did not make a final decision regarding a proposed bylaw to give nonregent members of committees the same roles and responsibilities as regents.
- The Board of Regents took steps to improve its relationship with stakeholders, including advisory boards. However, because of limitations of the efforts thus far—such as the informal nature of the Board of Regents' efforts and their focus on the dissemination of information from the regents rather than two-way communication—several advisory board chairs with whom GAO spoke expressed concern that the Board of Regents still lacked a sufficient understanding of Smithsonian museums and other entities to govern as effectively as possible.
- The Board of Regents has not yet conducted a comprehensive evaluation of its reforms but plans to do so in fiscal year 2010.

The Smithsonian has implemented four of GAO's five 2007 recommendations related to facilities and funding. These include recommendations related to improving the Smithsonian's security communications and the comprehensiveness of its capital plan. Furthermore, the Smithsonian has implemented GAO's recommendation to more comprehensively analyze nonfederal funding options to meet the needs of its facilities projects. The Smithsonian is planning to launch a national fund-raising campaign to raise private sector funds for its programs and facilities. It is unclear how much in funds will be raised or dedicated to facilities through such a campaign. The Smithsonian has not implemented GAO's recommendation to submit a report to Congress and the Office of Management and Budget on its funding strategy, but it plans to do so as part of its national fund-raising campaign.

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Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to testify before you today on efforts by the Smithsonian Institution (Smithsonian) to address challenges related to governance and facilities. The Smithsonian has been referred to as America's museum, as its museums hold and provide access to irreplaceable national collections in American and natural history, art, and other areas. The Smithsonian has evolved into the world's largest museum complex and research organization; two of its museums on the National Mall in Washington, D.C., are among the most highly visited in the world. The Smithsonian's governing body, the Board of Regents, is responsible for the long-term stewardship of the Smithsonian's mission. In recent years, we and others have documented significant governance and accountability breakdowns at the Smithsonian, which could result in a lack of trust from donors, grantors, and appropriators and ultimately put funding and the organization's credibility at risk. We and others have also documented the deterioration of the Smithsonian's facilities and the threat this deterioration poses to the Smithsonian's collections. For example, in April 2005, we reported that the failing condition and closure of the Smithsonian's 1881 Arts and Industries building on the National Mall was the most significant example of a broad decline in the condition of the Smithsonian's facilities portfolio.<sup>1</sup>

In 2007, following a report from the Smithsonian's Inspector General to the Board of Regents on the then-Secretary's compensation package and expenses, and related inquiries, the then-Secretary resigned. Two subsequent studies were published in June 2007, one by the Board of Regents Governance Committee and the other by an Independent Review Committee (IRC), created at the Board of Regents' request, that identified numerous governance and accountability breakdowns. Both studies recommended changes to address these breakdowns. The Board of Regents adopted all 25 of the Governance Committee's recommendations and stated that the IRC's recommendations were, for the most part, encompassed by the Governance Committee's recommendations. In 2008, in assessing the Smithsonian's implementation of these 25 recommendations, we determined that some of these recommendations had multiple parts. In order to assess the Smithsonian's efforts to implement these recommendations, we analyzed each reform contained in

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<sup>1</sup>GAO, *Smithsonian Institution: Facilities Management Reorganization Is Progressing, but Funding Remains a Challenge*, GAO-05-369 (Washington, D.C.: Apr. 25, 2005).

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the recommendations separately; therefore, we assessed the Smithsonian's efforts related to 42 reforms in the following areas:

- executive and ethics reforms
- executive travel policies
- policies on broader Smithsonian operations
- access of senior officials to the Board of Regents and level of information available to the Board of Regents
- transparency of Board of Regents' and the Smithsonian's activities
- communication and stakeholder relationships
- regents' roles and responsibilities
- the Board of Regents' structure and composition
- assessment of the Board of Regents

In our previous report, we found that the Board of Regents had implemented 30 of the 42 reforms to address these areas of concern, and that it had not completed its implementation of 12 of the recommended reforms. In that report, we also made four recommendations to strengthen the Board of Regents' governance reform efforts.<sup>2</sup>

Moreover, in an earlier report, in September 2007, we had found that while the Smithsonian had made some improvements to its real property management, the continued deterioration of many facilities had caused problems, the Smithsonian's cost estimate for facilities projects had increased to \$2.5 billion through fiscal year 2013, and the Smithsonian's security and real property portfolio management efforts faced challenges.<sup>3</sup> In September 2007, we concluded that if the Smithsonian did not develop a viable strategy to address its estimated \$2.5 billion in facilities projects, its

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<sup>2</sup>GAO, *Smithsonian Institution: Board of Regents Has Implemented Many Governance Reforms, but Ensuring Accountability and Oversight Will Require Ongoing Action*, GAO-08-632 (Washington, D.C.: May 15, 2008).

<sup>3</sup>GAO, *Smithsonian Institution: Funding Challenges Affect Facilities' Conditions and Security, Endangering Collections*, GAO-07-1127 (Washington, D.C.: Sept. 28, 2007).

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facilities and collections would face increased risk, and the ability of the Smithsonian to meet its mission would likely decline. We therefore recommended, among other things, that the Smithsonian analyze funding strategies and report to Congress.

In my statement today, I will discuss (1) the findings of a report we are releasing today—*Smithsonian Institution: Implementation of Governance Reforms Is Progressing, but Work Remains*<sup>4</sup>—regarding the Smithsonian's efforts to implement governance reforms recommended by the Board of Regents Governance Committee and by GAO in 2008,<sup>5</sup> and (2) provide a brief update on the Smithsonian's efforts to implement our 2007 facilities and funding recommendations.

Information regarding the Smithsonian's governance changes is based on the work we did for the report being released today, which was in response to a congressional mandate.<sup>6</sup> In that report, we assessed the extent to which the Smithsonian has implemented governance reforms recommended by its Governance Committee and GAO, but we did not evaluate the effectiveness of these reforms in improving Smithsonian governance. Both the Smithsonian and the Board of Regents concurred with the findings of that report. Information regarding the Smithsonian's efforts to implement our 2007 facilities and funding recommendations is based on our September 2007 report on the Smithsonian's facilities<sup>7</sup> and our review of updated information provided in Smithsonian documents—including Office of Protection Services documents, the Smithsonian's draft facilities capital program (fiscal years 2010-2014), and minutes from the Board of Regents' November 2007 meeting—and through interviews with Smithsonian officials. We conducted our work for this report in November and December 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We

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<sup>4</sup>GAO, *Smithsonian Institution: Implementation of Governance Reforms Is Progressing, but Work Remains*, GAO-10-190R (Washington, D.C.: Dec. 10, 2009).

<sup>5</sup>GAO-08-632.

<sup>6</sup>Explanatory Statement in the 2009 Committee Print of the House Committee on Appropriations on H.R. 1105, at 1156-1157 accompanying the Omnibus Appropriations Act for FY 2009, Pub. L. No. 111-8, Div. E, Title III, 123 Stat. 524, 740-741 (2009).

<sup>7</sup>GAO-07-1127.

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believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

Congress established the Smithsonian in 1846 to administer a large bequest left to the United States by James Smithson, an English scientist, for the purpose of establishing, in Washington, D.C., an institution "for the increase and diffusion of knowledge among men."<sup>8</sup> In accepting Smithson's bequest on behalf of the nation, Congress pledged the "faith of the United States" to carry out the purpose of the trust.<sup>9</sup> To that end, the act establishing the Smithsonian provided for the administration of the trust, independent of the government itself, by a Board of Regents and a Secretary, who were given broad discretion in the use of the trust funds. The Board of Regents currently consists of nine private citizens as well as members of all three branches of the federal government, including the Chief Justice of the United States, the Vice President, and six congressional members, three from the Senate and three from the House of Representatives.<sup>10</sup>

Over the last 160 years, the Smithsonian's facilities inventory has expanded to include 19 museums and galleries, nine research centers, a zoo, and other facilities—most located in or near Washington, D.C. The major buildings owned by the Smithsonian range in age from about 170 years old to about 5 years old, with most of the facilities' growth occurring since the 1960s. The Smithsonian's growth will continue with the construction of an aircraft restoration area—phase II of the National Air and Space Museum's Steven F. Udvar-Hazy Center<sup>11</sup>—and the design and construction of a National Museum of African American History and

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<sup>8</sup>The Act of August 10, 1846, as amended, is codified at 20 U.S.C. §§ 41-67.

<sup>9</sup>A trust is a fiduciary relationship involving a right of property held by the trustee for the benefit of another.

<sup>10</sup>The three senators are appointed by the President of the Senate, the three representatives are appointed by the Speaker of the House, and nine citizens are appointed by joint resolution of Congress—two from the District of Columbia and seven from the states.

<sup>11</sup>The National Air and Space Museum Steven F. Udvar-Hazy Center near Washington Dulles International Airport is the companion facility to the National Air and Space Museum on the Mall and is being built in two phases. Phase I opened in December 2003 and provides enough space for the Smithsonian to display thousands of aviation and space artifacts. Phase II will include a restoration hangar, archives, collections processing unit, conservation laboratory, and a collections storage facility.

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Culture, authorized by Congress in 2003.<sup>12</sup> Beyond this, in May 2008, Congress established a commission to study the potential creation of a National Museum of the American Latino and whether the museum should be located within the Smithsonian.<sup>13</sup>

In addition to its stewardship duties, the Board of Regents is vested with governing authorities over the Smithsonian.<sup>14</sup> It considers matters such as the Smithsonian's budgets and planning documents, new programs and construction proposals, appointments to Smithsonian advisory boards, and a variety of other issues facing the Smithsonian.

Although the Smithsonian is a trust instrumentality of the United States with a private endowment,<sup>15</sup> about two-thirds of its operating revenues in fiscal year 2008 came from federal appropriations. In fiscal year 2008, the Smithsonian's operating revenues equaled about \$1 billion, while its federal appropriations equaled about \$678.4 million—\$107.1 million for facilities capital, which provides funds for construction and revitalization projects, and \$571.3 million for salaries and expenses, which includes funding for the program activities of each museum and research center, rents, utilities, and facilities' operations, maintenance, and security costs.<sup>16</sup> The Smithsonian's fiscal year 2008 appropriation was subject to an across-the-board rescission of 1.56 percent, which according to the Smithsonian resulted in an appropriation of \$105.4 million for facilities capital and \$562.4 million for salaries and expenses. The remaining operating revenues came from the Smithsonian's private trust funds. For fiscal year 2008, the Smithsonian was also appropriated an additional \$15 million for facilities capital (reduced to \$14.8 million by the rescission), referred to as the Legacy Fund, to be provided if the Smithsonian received matching private donations of at least \$30 million; however, according to a Smithsonian official, the Smithsonian did not meet the matching donations

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<sup>12</sup>20 U.S.C. §§ 80r through 80r-9.

<sup>13</sup>Pub. L. No. 110-229, Title III, § 333, 122 Stat. 754, 784-787 (2008).

<sup>14</sup>For example, 20 U.S.C. §42 establishes the Board of Regents' responsibility to conduct the business of the Smithsonian, and 20 U.S.C. § 50 provides for the Board of Regents to accept specimens and objects of art and for these items to be appropriately classed and arranged.

<sup>15</sup>GAO recently issued a report on federally created entities such as the Smithsonian. See GAO, *Federally Created Entities: An Overview of Key Attributes*, GAO-10-37 (Washington, D.C.: Oct. 29, 2009).

<sup>16</sup>Pub. L. No. 110-161, Div. F, Title III, 121 Stat. 1844, 2140 (2007).

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requirement and therefore has not received these funds.<sup>17</sup> In fiscal year 2009, the Smithsonian was appropriated \$123 million for facilities capital and \$593.4 million for salaries and expenses. The Smithsonian was also appropriated an additional \$15 million for the Legacy Fund, with the same requirements as for fiscal year 2008, except that funds were made available for individual projects in incremental amounts as matching funds were raised.<sup>18</sup> The Smithsonian was also appropriated an additional \$25 million for facilities capital under the American Recovery and Reinvestment Act of 2009.<sup>19</sup>

In fiscal year 2010, the Smithsonian was appropriated \$125 million for facilities capital and \$636.16 million for salaries and expenses.<sup>20</sup> Of the \$30 million appropriated for the Legacy Fund in fiscal years 2008 and 2009, the approximately \$29.8 million unobligated balance was rescinded, and \$29.8 million was appropriated under a new requirement—the Legacy Fund is now directed to the Arts and Industries Building for the purpose of facilitating the reopening of this building. The Appropriations Act makes funds available in incremental amounts as private funding becomes available. Private donations, including major in-kind donations, that contribute significantly to the building's reopening will be matched dollar for dollar.

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<sup>17</sup>The fiscal year 2008 Appropriations Act establishing the Legacy Fund required that both private donations and federal matching funds be used for the restoration, renovation, and rehabilitation of existing facilities. Funds could not be used for day-to-day maintenance, salaries and expenses, or programmatic purposes, and in-kind donations did not count toward the match. See Pub. L. No. 110-161, 121 Stat. 1844, 2140 (2007).

<sup>18</sup>Pub. L. No. 111-8, Div. E, Title III, 123 Stat. 524, 740-741 (2009). Smithsonian's fiscal year 2009 appropriation is not subject to a rescission.

<sup>19</sup>Pub. L. No. 111-5, Title VII, 123 Stat. 115, 171 (2009).

<sup>20</sup>Pub. L. No. 111-88, Title III, 123 Stat. 2904, 2951-2952 (2009).

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**Smithsonian  
Implemented Most  
Governance  
Committee Reforms  
and One of Four GAO  
Governance  
Recommendations,  
but Work Remains on  
Others**

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**The Smithsonian Has  
Implemented 39 of 42  
Governance Committee  
Reforms, while Work  
Remains on 3 Reforms**

The Smithsonian has implemented 9 reforms recommended by the Board of Regents' Governance Committee since May 2008—in addition to the 30 reforms it had implemented as of May 2008—bringing the total number of reforms implemented to 39 of 42 reforms.<sup>21</sup> The Smithsonian has not completed implementation of 3 reforms—2 related to improving policies on broader Smithsonian operations (to develop a contracting policy and conduct a comprehensive review of financial reporting and internal controls) and one related to communication and stakeholder relationships (to enhance the role of the Smithsonian advisory boards). Figure 1 summarizes the status of the Smithsonian's implementation of the Governance Committee's recommended reforms as of May 2008 and December 1, 2009.

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<sup>21</sup>For more information on the reforms implemented as of May 2008, see GAO-08-632.

**Figure 1: Status of the Smithsonian's Implementation of Governance Committee Reforms as of May 2008 and December 1, 2009**

Governance committee reform	GAO assessment of implementation	
	May 2008	December 1, 2009
<b>Executive and ethics reforms</b>		
Refine the executive compensation process to follow best practices	●	
Follow process to recommend range for Secretary's compensation package	●	
Develop unified compensation policy	●	
Create leave accrual system for senior trust employees	●	
Develop overarching Smithsonian code of ethics	●	
Establish ethics hotline	●	
Develop policy prohibiting senior staff service on for-profit boards	●	
Develop database to identify potential conflicts of interest	○	●
<b>Executive travel policies</b>		
Adopt interim policies on travel and event expenses	●	
<b>Policies on broader Smithsonian operations</b>		
Require Smithsonian Business Ventures to follow Smithsonian policies	◐	●
Develop expense policies for regent events	◐	●
Review internal controls of travel and expense reimbursement	◐	●
Develop contracting policy	◐	◐
Conduct comprehensive review of financial reporting and internal controls	◐	◐
<b>Access of senior officials to the Board of Regents and level of information available to the board</b>		
General Counsel to have direct access to board	●	
Board review sufficiency of General Counsel resources	●	
Chief Financial Officer to have direct access to board	●	
Board review sufficiency of Chief Financial Officer resources	●	
Inspector General to have direct access to board	●	
Board review sufficiency of Inspector General resources	●	
Inspector General to relocate to downtown Washington	●	
Establish independent regent staff	●	

- Reform has been implemented
- ◐ Steps have been taken to implement the reform, but more work is needed
- Reform has not been implemented

Governance committee reform	GAO assessment of implementation	
	May 2008	December 1, 2009
<b>Transparency</b>		
Schedule at least four business meetings annually	●	
Revise how minutes are taken	●	
Secretary to delegate corporate secretarial duties to General Counsel	●	
Develop Freedom of Information Act policy	●	
Launch regents public Web page	●	
<b>Communication and stakeholder relationships</b>		
Enhance role of advisory boards	○	①
Develop strategy to increase public and stakeholder access to Smithsonian information	●	
Create Regent Annual Public Forum	①	●
<b>Roles and responsibilities</b>		
Adopt description of duties and responsibilities of all regents	●	
Adopt duties and responsibilities of Chair and Chancellor	●	
Provide for election of new Chair	●	
Develop board orientation process	①	●
Develop opportunities to provide strategic direction in development of budget priorities	●	
<b>Structure and composition</b>		
Each committee to review and revise charters	①	●
New leadership appointed for each committee	●	
Create standing committee on Facilities Revitalization	●	
Review existing appointment procedures to existing committees	①	●
Create criteria for new citizen regents	●	
Examine board structure	●	
<b>Assessment</b>		
Develop regents' assessment process	①	●

- Reform has been implemented
  - ① Steps have been taken to implement the reform, but more work is needed
  - Reform has not been implemented
- Source: GAO presentation and analysis of Smithsonian data.

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As shown in Figure 1, the Smithsonian has implemented 9 Governance Committee reforms since May 2008, including the following: The Smithsonian (1) developed a database to identify potential conflicts of interest; (2) implemented a policy requiring the former Smithsonian Business Ventures (SBV)—now reorganized and renamed Smithsonian Enterprises—to follow Smithsonian policies except in the case of a few documented exceptions;<sup>22</sup> (3) developed an event expense policy covering regent and other Smithsonian events; (4) completed a review of the Smithsonian's internal controls for travel and expense reimbursement and implemented a number of additional accountability measures for travel and expense reimbursement;<sup>23</sup> (5) held two regent annual public forums; (6) developed a Board orientation process; (7) completed a review and revision of the Board of Regents committees' charters; (8) completed a review of appointment procedures to Board of Regents committees, which included clarifying the process for appointing nonregents to committees and making this process publicly available on the Smithsonian's Web site; and (9) implemented a reform calling for a regular assessment of the Board, its committees, and its members.

While the Smithsonian has made considerable progress in implementing the Governance Committee's reforms, work remains on 3 reforms recommended by the Governance Committee: 2 related to policies on broader Smithsonian operations and 1 related to communication and stakeholder relationships. According to Smithsonian officials, generally, the Board of Regents is responsible for setting the policies, and the Smithsonian administration is responsible for implementing those policies. While the Board of Regents has approved policies or plans related to the 2 policy-related reforms, the Smithsonian has not completed its

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<sup>22</sup>Smithsonian Business Ventures was a centralized entity responsible for the Smithsonian's various business activities. This entity has since been restructured and renamed Smithsonian Enterprises. The documented exceptions were driven by the fact that SBV used different automated systems from the rest of the Smithsonian for financial accounting, payroll, and time and attendance.

<sup>23</sup>In addition, the Smithsonian implemented five recommendations made by the Smithsonian Inspector General in January 2009 to further improve travel accountability. The Inspector General recommended that Smithsonian management (1) encourage use of per diem allowances rather than actual expenses; (2) expand post-travel compliance reviews; (3) revise procedures to define more precisely what circumstances constitute adequate justification for actual expenses rather than per diem allowances; (4) ensure compliance with sponsored travel procedures; and (5) verify that employees with approval authority are not subordinates of the travelers. The Smithsonian implemented all five of these recommendations by May 2009.

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implementation of these reforms. In our May 2008 report, we raised concerns about challenges associated with these efforts, stating that effectively implementing the new policies and procedures developed during these reviews was likely to depend on effectively training staff and establishing accountability, both of which could be challenging because of a level of standardization and requirements that did not previously exist. The following provides a brief summary of the Smithsonian's efforts regarding these reforms:

- **Operational policies—contracting:** The Smithsonian has taken steps toward but not fully implemented the governance reform related to improving contracting policies and procedures. The Smithsonian has issued a new contracting policy and is currently writing formal procurement and contracting procedure manuals that implement this policy and provide the rules and procedures for day-to-day procurement and contracting activities. According to the Smithsonian's Chief Financial Officer (CFO), two of seven parts of the manual are completed and in use and the rest are scheduled to be completed by the end of fiscal year 2010. Completing these manuals is important because a lack of agency-specific policies and procedures can result in an increased risk of improper or wasteful contract payments.<sup>24</sup>
- **Operational policies—financial reporting and internal controls:** The Smithsonian has taken steps to implement its reform to conduct a comprehensive review of the Smithsonian's financial reporting and internal controls.<sup>25</sup> The Smithsonian conducted an initial review of financial reporting and internal controls which led to a plan—approved by the Audit and Review Committee in March 2009—to reduce the risk level of five processes identified by the Smithsonian as high risk by the end of fiscal year 2012. The work laid out in the plan for accomplishing this goal includes such tasks as writing new policies and procedures, training staff on responsibilities and procedures for which they are accountable, and

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<sup>24</sup>In addition, while the Smithsonian is not required to follow the Federal Acquisition Regulation (FAR), the Smithsonian's contracting policy includes the FAR as a guiding principle. In this environment, when the FAR is not required, having strong procedure manuals may be even more important to ensuring that the contracting policy is effectively implemented and staff know what sections of the FAR the Smithsonian has chosen to follow.

<sup>25</sup>Internal control—the plans, methods, and procedures used to meet missions, goals, and objectives—is the first line of defense in safeguarding assets and preventing and detecting fraud and errors and helps government program managers achieve desired results through effective stewardship of public resources.

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testing and validating controls through policy compliance reviews or personal property inventories. The CFO reported to the Audit and Review Committee that effective execution of the plan will require a commitment to increasing staffing and other resources over time. During the discussion with the CFO, members of the Audit and Review committee expressed concern that providing these resources may be challenging for the Smithsonian, given limited available resources and other priorities, such as collections care and research.

- **Communication and stakeholder relationships—role of advisory boards:** The Smithsonian has taken steps to implement its reform to enhance the role of its 30 advisory boards, which include a national advisory board as well as advisory boards that focus on individual museums, research centers, or programs, but has not resolved all issues.<sup>26</sup> The primary purpose of advisory boards is to provide advice, support, and expertise to the directors of museums, research centers, and programs, as well as to the Board of Regents and Secretary. We discuss the Smithsonian's efforts regarding this reform later in this testimony, when we discuss the Smithsonian's actions toward implementing our related May 2008 recommendation.

For more information on the Smithsonian's efforts related to these reforms, see our newly issued report on this subject.<sup>27</sup>

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**The Smithsonian Has Implemented One of GAO's Four Governance Recommendations, While Work Remains on the Other Three**

The Smithsonian has implemented one of the four recommendations we made in 2008 to strengthen its governance reform efforts, and it has taken steps to implement the other three recommendations. (See fig. 2.)

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<sup>26</sup>Most advisory boards (except for those with mandated statutory authority) have no independent governance function, and all are subject to the authority of the Board of Regents. The Smithsonian is not subject to the Federal Advisory Committee Act, which requires federal agencies that sponsor federal advisory committees and have at least one member that is not a federal employee to comply with requirements for establishing and managing advisory committees. See 5 U.S.C. App. 2.

<sup>27</sup>GAO-10-190R.

**Figure 2: Smithsonian's Progress in Implementing Our Governance Recommendations**

Category	Recommendation	Status
Structure and composition	Develop and make public a clear policy regarding the selection, use, and evaluation of nonregents.	●
Communication and stakeholder relationships	Develop mechanisms to ensure the Board of Regents is considering and responding to stakeholders concerns.	●
Assessment	Evaluate what actions the Board of Regents can take in the event of persistent neglect of duties by any of its members.	●
	Arrange for a comprehensive evaluation of reforms after suitable time has passed.	●

- Recommendation has been implemented
- ◐ Steps have been taken to implement the recommendation, but more work is needed
- Recommendation has not been implemented

Source: GAO.

- **Assessment—actions in the event of persistent neglect of duties:** The Smithsonian implemented GAO's recommendation to evaluate what actions it can take in the event of persistent neglect of duties by a regent. In July 2009, the Board of Regents Governance and Nominating Committee<sup>26</sup> implemented this recommendation by considering a staff paper that described actions that could be taken in the event of persistent neglect of duties, and approving an approach that included initial counseling and potential referral to the full Board of Regents for appropriate action.
- **Structure and composition:** The Board of Regents has not fully implemented GAO's recommendation to develop and make public its process for the selection, use, and evaluation of nonregents. The Board of Regents implemented part of the recommendation by posting on its Web site the process for selecting nonregent committee members. However, the Board of Regents did not make a final decision regarding the use of nonregents on committees when in July 2009, its Governance and

<sup>26</sup>The Board of Regents established the Governance Committee as a standing committee in March 2007 and then combined committee function with its Nominating Committee in June 2007, after the issuance of the Governance Committee's report and recommendations on Smithsonian governance reforms. The committee is now called the Governance and Nominating Committee.

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Nominating Committee tabled a proposed bylaw to give nonregent members of committees the same roles and responsibilities as regents. Committee members cited issues such as the lack of statutory authority of nonregent committee members and uncertainty over whether certain ethical and disclosure obligations of regents should apply to nonregent committee members, and requested that Smithsonian staff provide the regents with further information on potential implications of this bylaw. According to the chief of staff to the Board of Regents, subsequently, the Smithsonian concluded that existing governance requirements in committee charters require that all committee members, including nonregent members, file annual financial disclosures, and the Smithsonian plans to apply this requirement to these individuals. The Board of Regents official also stated that the Governance and Nominating Committee plans to further discuss this issue at its March 2010 meeting.

- **Communication and stakeholder relationships:** The Board of Regents took steps to improve its relationship with stakeholders, including advisory boards. For example, the Chair of the Board of Regents now sends a quarterly email to all advisory board chairs providing information on the most recent Board of Regents' meeting and asking to be contacted directly with any concerns. According to a Smithsonian official, when a concern is brought to the Chair's attention, it is either responded to immediately or tracked by the Office of the Board of Regents until responded to. In addition, the Smithsonian conducted a workshop of advisory board chairs in April 2009 as part of its strategic planning process, which was organized through the regents and led by the Chair of the Board of Regents and the Secretary of the Smithsonian. According to a Smithsonian official, the input provided by these advisory board chairs was considered as the strategic plan was developed. However, due to limitations of the efforts thus far—such as their informal nature and focus on dissemination of information from the regents rather than two-way communication—several advisory board chairs with whom we spoke expressed concern that the Board of Regents still lacked a sufficient understanding of Smithsonian museums and other entities to govern as effectively as possible.
- **Assessment—evaluation:** The Board of Regents has not yet conducted a comprehensive evaluation of its reforms but plans to do so in fiscal year 2010.

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For more information on the Smithsonian's efforts related to these recommendations, see our newly issued report on this subject.<sup>29</sup> Both the Smithsonian and the Board of Regents concurred with the findings of that report.

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**Smithsonian  
Implemented Most  
GAO Facilities  
Recommendations,  
but Has Not  
Submitted a  
Recommended Report  
to Congress**

The Smithsonian has fully implemented four of the five recommendations we made in our September 2007 report on the Smithsonian's facilities, security, and funding challenges. It has not implemented the fifth recommendation regarding submitting a report to Congress and the Office of Management and Budget (OMB) on its funding strategy, but plans to do so. (See fig. 3.) Furthermore, although the Smithsonian has implemented our recommendation to more comprehensively analyze funding strategies to meet the needs of its facilities projects and is planning to launch a national fundraising campaign, it is unclear what amount of funds will be raised through such a campaign and, more specifically, what amount will be dedicated to facilities. In September 2007, we found that the Smithsonian faced challenges related to communicating security-related information to museum and facility directors and omitted private funds from its capital plan, reducing stakeholders' ability to comprehensively assess the funding and scope of facilities projects.<sup>30</sup> We also found the Smithsonian did not have a viable strategy to address its growing cost estimate for facilities projects, increasing the risks faced by its facilities and collections, and likely decreasing its ability to meet its mission.

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<sup>29</sup>GAO-10-190R.

<sup>30</sup>GAO-07-1127.

**Figure 3: Smithsonian's Progress In Implementing GAO's Facilities Recommendations**

Category	Recommendation	Status
Security of facilities	Communicate information to museum and facility directors on security staff levels.	●
	Communicate information on all-hazards risk assessment to museum and facility directors.	●
Planning of capital projects	Communicate trust funding for facilities revitalization and construction in capital plan.	●
Funding of capital projects	Analyze nonfederal funding strategies in a more comprehensive manner.	●
	Submit a report to OMB and Congress that describes a funding strategy to meet the needs of the Smithsonian's revitalization, construction, and maintenance projects.	○

- Recommendation has been implemented
- ◐ Steps have been taken to implement the recommendation, but more work is needed
- Recommendation has not been implemented

Source: GAO.

- **Security of facilities—communicating information on security staff levels and all-hazards risk assessment:** The Smithsonian implemented our recommendations to communicate information to museum and facility directors on (1) daily security staff levels and (2) its all-hazards risk assessment.
- **Planning of capital projects—capital plan:** The Smithsonian implemented our recommendation to include the full scope of planned projects and information on planned funding sources—federal and private funds—for each project in its capital plan. In September 2008, the Smithsonian created a facilities capital plan for fiscal years 2008 through 2017 that includes a description of planned projects and their funding sources.<sup>31</sup>
- **Funding of capital projects—analyzing funding strategies:** The Smithsonian implemented our recommendation to analyze nonfederal

<sup>31</sup>Private funds are estimated through 2011 because, according to a Smithsonian official, the Smithsonian was uncertain about the level of private funds past fiscal year 2011.

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funding strategies in a more comprehensive manner. In November 2007, the Board of Regents concurred with a more comprehensively analyzed and prioritized list of nonfederal funding strategies,<sup>32</sup> which included establishing a national campaign to raise private sector funds for Smithsonian programs and facilities, among other strategies.<sup>33</sup> According to Smithsonian officials, in the wake of the Board of Regents' September 2009 approval of a new strategic plan for the Smithsonian, the Board of Regents Advancement Committee is developing a plan for a national fundraising campaign in concert with Smithsonian staff, who, among other things, are determining what staff resources are necessary and are coordinating with the Smithsonian museums, programs, and other entities on goals for the plan. The Board of Regents Advancement Committee expects to approve a full national fundraising campaign plan no later than September 2010. While these steps implement our recommendation, it is unclear at this time how much in funds will be raised and, more specifically, what amount will be dedicated to facilities.

- **Funding of capital projects—reporting to Congress and OMB:** According to a Smithsonian official, the Smithsonian has not submitted a report to Congress and OMB on its fundraising efforts but plans to do so in the future as part of its communications strategy related to the national fundraising campaign.

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<sup>32</sup>The funding strategies considered were more comprehensively analyzed than a list of strategies considered by the Board of Regents prior to our September 2007 report.

<sup>33</sup>According to a Smithsonian official, the other funding strategies the Board of Regents established as priorities at the November 19, 2007, board meeting include a "gift maintenance fee" specifically devoted to facilities, admission fees for selected special exhibitions, additional energy savings performance contracts, public-private partnerships to rehabilitate buildings, and to expand and improve the existing program of voluntary donation boxes in museums.

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Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other Members of the Subcommittee may have at this time.

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### **GAO Contact and Acknowledgments**

For further information about this statement, please contact Mark L. Goldstein, Director, Physical Infrastructure Issues, at (202) 512-2834 or at [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov). Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Key contributors to this statement include David Sausville (Assistant Director), Brian Hartman, Susan Michal-Smith, Alwynne Wilbur, and Carrie Wilks.

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Mark L. Goldstein  
Biography

Mark L. Goldstein is director of physical infrastructure issues at the United States Government Accountability Office (GAO), the investigative arm of Congress. Mr. Goldstein is responsible for GAO's work in the areas of government property and telecommunications. Mr. Goldstein has held other public sector positions, serving as deputy director and chief of staff to the District of Columbia Financial Control Board and as a senior staff member of the United States Senate Committee on Governmental Affairs. Prior to government service, Mr. Goldstein was a journalist and author. Mr. Goldstein's book, *America's Hollow Government: How Washington Has Failed the People*, received awards from the American Library Association. Mr. Goldstein has also earned honors from the Associated Press, the Society of American Business Press Editors, the American Society for Public Administration, and GAO. Mr. Goldstein received a BS in Journalism from Syracuse University, an MPA from George Washington University, an MA from the University of Maryland, and is currently a Ph.D. candidate at the University of Maryland. Mr. Goldstein is an elected fellow of the National Academy of Public Administration and was a senior fellow at the John F. Kennedy School of Government at Harvard University. Mr. Goldstein testifies frequently before the United States Congress and has appeared on national network news programs such as CNN, National Public Radio, and ABC Evening News.

Mr. DICKS. I think we are going to hear from the Inspector General first. Ms. Sprightley Ryan, we will hear your testimony.

#### INSPECTOR GENERAL TESTIMONY

Ms. RYAN. Thank you. Good morning. I appreciate this opportunity to testify about governance at the Smithsonian.

While, as GAO remarks, the Smithsonian has made significant progress in governance reforms, it needs even stronger management control. The Smithsonian cannot fully realize its new strategic plan without improving management control. It needs to bolster its commitment to continuing reform and to careful stewardship of public resources. I will touch on three challenges: Financial discipline, better central oversight, and care of the public treasures at the heart of the Institution, its collections.

#### FINANCIAL DISCIPLINE

First, financial discipline. The Smithsonian needs greater financial discipline, especially in high-risk areas such as the management of capital projects, financial reporting, implementation of the financial management system, use of funds and personal property accountability. In my written testimony, I have provided details on each of these. For now I am going to focus on the last two: Use of funds and personal property accountability.

In our recent audit of facilities maintenance funds, we found that the Smithsonian took funds appropriated for facilities maintenance and applied them to unplanned capital projects. For two fiscal year 2008 capital projects, maintenance monies funded about \$550,000 out of approximately \$1 million obligated for the capital projects. Apart from the resulting accounting and reporting errors, we are concerned that the misapplication of these funds could ultimately increase overall facilities costs because these monies were not spent on needed maintenance. Unfortunately, we could not determine if there were additional instances where the Institution paid for capital projects with maintenance dollars because there was no documentation of these funding decisions.

#### MANAGEMENT CONTROLS

These errors occurred because of a relaxed view of management control, one that prefers ambiguity that allows for discretion, without appreciating that ambiguity also creates confusion that allows for mistakes. Responsibility for funds control was dispersed. There was little common understanding of the purpose and rules governing funds control and there was no accountability for mistakes. Also, appropriate training, supervision and quality control were lacking.

As for personal property, which includes everything from desks to laptops to trucks to telescopes, our just-issued audit again found a lack of discipline. Fortunately, recent changes in policies and procedures have substantially improved management of personal property, and the number of missing assets has declined significantly. Yet the Smithsonian needs to make even more progress. It did not hold individuals accountable for personal property losses, believing it could not do so without having employees sign forms acknowl-

edging their responsibility for the items. Yet at the same time, the Smithsonian did not ensure that people completed these forms. The Institution has held only one person accountable for \$40 worth of the approximately \$12.3 million worth of missing property in the last five years. Moreover, current policy does not hold unit managers directly responsible for enforcing personal property accountability because unit managers resisted such a rule, which brings me to the second challenge: Appropriate central oversight.

There needs to be a shift in the interaction between the Smithsonian's central functions and its units. The units' autonomy is long-standing and nurtures vitality and creativity, but it also poses risks to the Institution's limited resources. Inaccurate accounting and reporting, inadequate project oversight and unacceptable risks to privacy are just some of the consequences of this decentralization. Functions such as procurement, information technology, information security, project oversight and accounting should not be subject to varying policy interpretations and operating practices.

#### COLLECTIONS STEWARDSHIP

A third challenge in management control is stewardship of the collections. We were heartened to see the increase in the fiscal year 2010 appropriations for the Institution's collections care initiative. The collections are increasingly at risk. In previous audits, we focused on collection security and inventory controls and have found them lacking. In our recently begun audit at the National Museum of American History, we have expanded our scope to also look at the condition of the collections, particularly storage, which historically has had issues with environmental contaminants, moisture, crowding and other serious risks.

Finally, I would like to comment on an overarching challenge to improving management control: The need for better internal marketing to explain that the purpose of management control is not to create paperwork, it is to reduce unnecessary risks and improve the operations and thereby protect Smithsonian resources. Nor is its purpose centralized power. Effective management control produces information needed to make difficult resource decisions. Strong management control reduces problems that cost money, for example, ensuring that laptops do not disappear; or problems that cause public embarrassment, for example, creating oversight that prevents lavish spending or ensuring that if a laptop does disappear, no sensitive information is lost.

Finally, by fostering greater transparency and accountability, strong management control instills confidence in the Smithsonian, assuring its appropriators and donors that the Institution is a proper steward of its resources.

I would be happy to answer any questions.

[The statement and brief biography of A. Sprightley Ryan follow:]

TESTIMONY OF A. SPRIGHTLEY RYAN  
INSPECTOR GENERAL, SMITHSONIAN INSTITUTION  
BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON INTERIOR, ENVIRONMENT AND RELATED AGENCIES  
DECEMBER 10, 2009

Thank you for the opportunity to testify today. I will focus on governance, particularly on the importance of management control.

A lot has changed at the Smithsonian over the past two and a half years, since the resignation of former Secretary Small and the governance reforms prompted by that and other events. These important improvements have enhanced accountability and transparency at the Smithsonian.

As GAO has already noted, the Regents and the Smithsonian have implemented most of the reforms recommended by its Governance Committee in June 2007, resulting in notably stronger governance. To cite one example, management has improved policies on expenses and travel. As a result, in our audit of the Institution's oversight of executive travel as well as our review of the non-travel expenses of Regents, Board members and Institution executives, we found few problems. The Institution embraced our recommendations, further tightening its travel policies and strengthening oversight. Financial management overall is also improving. Management has implemented a number of our recommendations in that area and, notably, the number of comments and significant deficiencies in the annual financial statement audits has declined over the last three years.

Nonetheless, there remain significant challenges to strong governance. In particular, management control needs to be further strengthened – a recurring theme that emerges from our office's work. Management control begins with the Institution's control environment, its tone at the top, as well as its mechanisms for ensuring that programs achieve their intended results; that resources are used as effectively and efficiently as possible in a manner consistent with the organization's mission; that protect programs against fraud, waste, abuse, and unlawful conduct; and that provide reliable and timely information for management to use in making decisions. Good management controls advance an organization's goals and reduce the risk of financial mismanagement and reputational harm.

I share in your Committee's belief, as expressed in the statement of managers for the fiscal year 2009 Omnibus appropriations bill, that the reforms to date "are only the initial steps and that a

continuing commitment to reform, especially to the principles of fiscal stewardship of public resources, and to accountability and openness, are essential.” In addition to the continuing commitment, there remains a lot of truly difficult but important work. This work does not involve dramatic, headline-grabbing changes, nor can it be done overnight, but it is critical to the Smithsonian, particularly to its success in fulfilling its new strategic plan.

Smithsonian management does recognize the need to improve management control. In its response to Recommendation 23 of the Regent’s Governance Committee,<sup>1</sup> management, with the help of an outside consultant, developed a detailed report on what steps are necessary to attain excellence in these areas, so there is little I can say that the Smithsonian doesn’t already know. But I think it is critical to emphasize these important tasks and to note that implementation of those steps is far from complete. As GAO rightfully continues to stress, and as Institution management has recognized, implementation requires proper training and accountability, areas that continue to be a challenge for the Institution. Implementation also requires discipline, leadership, and strong policies and procedures.

This work is especially important to the success of the Institution’s ambitions as expressed in the new strategic plan – ambitions whose achievement require additional resources. Today I will focus on the management controls related to the stewardship of public resources: financial discipline, better central oversight, and stronger controls over care of the collections.

#### **FINANCIAL DISCIPLINE**

The Smithsonian cannot sustain the quality of its programs or fully realize its strategic plan without improving its financial discipline. Only by designing management controls to manage costs and increase efficiencies can the Institution respond to budgetary demands. That will be especially true in high-risk areas such as the management of capital projects; financial reporting; implementation of the financial management system, known as the Enterprise Resource Planning or ERP system; use of funds policies; and personal property accountability.

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<sup>1</sup> Recommendation 23 asked for a review of “the Smithsonian’s financial reporting systems and internal controls to ensure that appropriate systems and controls are in place to enable the [Audit and Review Committee of the Board of Regents] and the Board to provide meaningful oversight of the accuracy and integrity of Smithsonian financial statements and reports.” Report of the Governance Committee to the Board of Regents, June 14, 2007.

***Capital Projects***

Capital projects, such as the construction or revitalization of buildings, represent the largest expenditures by the Institution other than salaries and related expenses. In prior audits of high-dollar value construction projects such as the Udvar-Hazy Center and the Patent Office Building renovation (now the Reynolds Center), all of which involved both appropriated and donated (trust) funds, we noted shortcomings in oversight. For example, we found that management lacked the financial reports necessary to gauge the health of the projects, measure performance, track planned versus actual costs, or review schedule updates, and that management did not effectively monitor project contingency funds.

We are currently completing a follow-up audit of capital project management and are very pleased to report that the Institution has significantly improved its oversight by implementing stronger policies and reporting standards.

However, accounting for project costs remains a cumbersome, manual process, and requires substantial year-end effort to ensure construction-related items are properly recorded for presentation in the Institution's financial statements. In the fiscal year 2008 financial statement audit, the Institution's external auditors labeled project cost accounting a significant deficiency, because they discovered several errors during their review of construction-in-progress accounts and associated year-end accruals. Coding errors and a lack of rigorous training on how costs should be managed contributed to these problems. Moreover, the lack of a project costing module in the ERP financial system limits efficient monitoring and overall project management.

The Institution recognizes capital project management as one of its internal control reform priorities. We hope that the Institution's implementation of a project costing module in the ERP system will eliminate most of these problems, assuming adequate training. More importantly, it should reduce costs by eliminating labor-intensive manual accounting procedures.

***Financial Reporting***

The Institution is improving its overall financial management, as shown by the decrease in the number of significant deficiencies found by the Institution's external auditors in their annual financial statement audits. But the external auditors necessarily focus only on year-end results and do not address smaller but still significant ongoing financial management issues. For example, the Institution is still unable to produce quarterly financial statements, and the auditors

cannot conduct extensive interim testing to detect accounting problems, both of which are fundamental to sound financial management. Preparation of quarterly statements will add further discipline to financial management: it will provide improved analytical data for planning and monitoring purposes, accelerate detection of transaction problems, and improve the reliability of financial information. Interim testing will help identify any breakdowns in controls.

#### ***The Financial System (ERP)***

One problem underlying the examples I've described above, and one that hampers better financial management overall, is the delay in implementing the many modules of the ERP system. Initially, the Institution had unrealistic expectations for ERP implementation, projecting that all the modules the Institution had ordered would be fully functional by 2006. Now, it seems that the earliest that the final module will be installed is by the close of 2011. Still to be implemented include a project costing module, as I mentioned earlier; a cash management module to further automate the Institution's banking; a grants and contracts module; and a budget formulation module. These modules will enhance efficiency by easing the consolidation and analysis of data and reducing the errors that come from relying on manual processes. They will also enable easier monitoring and auditing, thereby increasing accountability.

At the same time, we have to note that while those financial management modules in the ERP that have been implemented represent significant progress, they do not yet function as effectively as possible. Partly, that is a result of inadequate training: employees in the units receive training on the ERP, but they do not always learn how to use the ERP to better manage risks, costs, and their programs to achieve their goals. A common complaint we hear is that the training needs to be more functional. An employee will be taught how to use the system, for example, but not necessarily how to properly classify particular transactions within the system.

#### ***Use of Funds***

Another high-risk area the Smithsonian has identified concerns use of funds restrictions. These restrictions are the statutory constraints (such as the Anti-Deficiency Act) as well as policy and regulatory constraints on how federal monies may be spent. At the Smithsonian, they also include policy considerations and donor restrictions that govern how trust (non-appropriated) monies may be spent.

We have touched on use of funds in many of our audits and reviews, and the Institution has addressed many of our concerns. For example, in our January 2007 report on the then-Secretary's expenses, we noted the lack of a well-publicized, consistently enforced policy on how certain funds could be spent, and that such a policy should be in the form of an official Smithsonian-wide Directive. The Institution has since issued such a policy. And in our review of the travel and other expenses of the former director of the National Museum of the American Indian, we remarked on the lack of oversight of the use of funds that resulted in management not questioning the use of over \$48,000 of the museum's funds to pay for an oil portrait of the former director.

More recently, in our audit of facilities maintenance funds, we reported that the Smithsonian took funds appropriated for facilities maintenance work and used them to pay for unplanned capital projects. We found that in fiscal year 2008, the Institution improperly applied maintenance dollars to fund approximately \$550,000 out of approximately \$1 million obligated for two capital projects. As a result, the Smithsonian had incorrect accounting entries that recorded these costs as current expenses rather than capital expenses, likely understating depreciation expenses. In addition to these accounting and reporting errors, we are concerned that the misapplication of funds increases the risk of greater overall facilities costs because these monies were not spent on needed maintenance.

Unfortunately, we could not determine to what extent the Institution paid for capital projects with maintenance dollars because the Smithsonian did not document how it makes such funding decisions. And we found there was a lack of appropriate training and supervision.

These problems arise from a relaxed view of management control that prefers ambiguity, because ambiguity allows for discretion. But this view does not appreciate that ambiguity also creates confusion that causes errors. Dispersed responsibility for funds control and the lack of a common understanding of the purpose and rules governing funds control will continue to cause such problems. Dispersed responsibility also means there is no accountability for errors.

Although the Institution disagreed that they misused funds, management nonetheless agreed to our recommendations, including revising its policy manuals regarding funds control, establishing quality controls to review significant maintenance and capital transactions, and providing training on these changes.

And here I do have to mention the other topic of today's hearing, facilities maintenance. In a companion audit to the one I just discussed, we did find, for the limited areas we tested, that the Institution does have processes in place for adequately maintaining the heating, ventilation and air conditioning systems and vertical transportation equipment. In other words, for those limited systems we looked at, when the Smithsonian spent its facilities maintenance funds on maintenance, it did so appropriately and effectively.

***Personal Property Accountability***

Another high-risk area that the Institution has identified as a priority in its governance reforms is the management of personal property (as opposed to real property) assets. Such assets include everything from desks to laptops to trucks to microscopes and telescopes. As of May 2009, the Institution had more than 10,000 personal property items, valued at approximately \$175 million.

Inventories the Smithsonian conducted in fiscal years 2006 and 2007 showed a substantial number of missing and unrecorded assets: for the two years combined, there were about 960 missing assets with a cost of \$8.7 million, which we estimate to be around 7 percent in dollar value of recorded assets; and 1,591 unrecorded assets with a cost of \$19.4 million. Missing assets are those recorded in the Asset Management (AM) module in the Institution's financial system, but not found during the inventory. They may be been lost or stolen, and since they are unaccounted for they will mostly be written off. Unrecorded assets are those not recorded in the AM module, but found during the inventory. The risk with unrecorded assets is that there is no accountability for them.

We just issued an audit report on personal property accountability and were pleased to find that recent changes in policies and procedures have substantially improved the management of recorded personal property. The Smithsonian has hired a dedicated personal property management official; instituted Smithsonian-wide inventories; implemented a new centralized asset management system to record property; and in July 2008 substantially revised its policies and procedures for the first time since 1985. The most recent inventory, for fiscal year 2009, showed a substantial improvement, with only about 1 percent (dollar value) of assets missing. These improvements vividly illustrate the substantial efficiencies that result from stronger management controls.

Yet, as in all these areas, significant challenges remain. The Smithsonian did not hold individuals accountable for personal property losses, believing they could not do so without a signed form acknowledging responsibility for the property in their possession. Yet the Institution did not ensure that all responsible individuals completed these accountability forms. The Institution has held only one person accountable for \$40 worth of the \$12.3 million in missing property in the last five years. Because of resistance from management at the units, current policy does not hold unit managers directly accountable for enforcing personal property accountability or require them to pursue or reduce the incidence of missing property.

We were also concerned that policies do not require control of – or that inventories even list – all property whose loss may pose a significant risk to the Institution, particularly items such as BlackBerries and laptops that could contain sensitive information. Finally, we also found a dearth of training; none of the property custodians we interviewed had received training on personal property management.

In sum, despite the improvements, we found that senior management could more forcefully convey the importance of personal property accountability, and management at the unit level should more fully accept responsibility. Management did agree to our recommendations to address our concerns, and we will be following up on their implementation.

\* \* \* \* \*

To put its ambitious strategic plan in motion and then to reach its goals, the Smithsonian will require greater financial discipline. As our work demonstrates, many opportunities to optimize resources can be found simply from strengthening management control: implementing the remaining modules of ERP can eliminate costly, labor-intensive manual accounting procedures; fortifying the personal accountability of Smithsonian officials entrusted with property will ensure that staff have the tools necessary to perform their duties and that the Institution will not incur the costs of locating and replacing lost equipment; supporting employees with clear policy guidance, reinforced by regular training, will improve job performance and reduce labor costs associated with errors and remediation.

I applaud the commitment of Institution leaders to address these areas and would encourage the Committee to understand these reforms as long-term investments that will not yield complete

results within a single budget cycle. We will continue to monitor the Institution's progress and will report on our findings.

#### **CENTRAL OVERSIGHT**

In addition to financial discipline, another aspect of management controls that requires sustained attention is appropriate central oversight. An inherent risk to an organization like the Smithsonian is that the independent nature of each of its components, or units, will give rise to inconsistent approaches to implementing common functions, inviting mistakes and confusion and increasing financial and operational error. It may also mean the Institution is not taking advantage of possible cost efficiencies. While the mission of each unit may differ, they have many operations in common, especially those functions that support routine operations like project management, information technology, and financial management. In reviewing the results of our audit work, we've seen the inconsistencies that come from decentralization. The Smithsonian should go further in setting forth uniform expectations in how various administrative practices should be conducted.

#### ***Relocation Expenses***

In an audit we completed two years ago on the payment of relocation expenses to employees, we found that staff members were processing payments in three different ways and were not coding these transactions accurately. Payments were processed through payroll, through travel vouchers, and through purchase orders. Indeed, because staff processed payments through so many systems, and coded the transactions inconsistently, we could not be sure that we had even identified all relocation payments, a distressing finding given that these payments had federal tax implications for both the employees and the Institution. These payments were handled so haphazardly because of the absence of Institution-wide standards for processing and documenting them, and the lack of training on how to report this type of data properly.

#### ***Personally Identifiable Information***

Last spring we completed an audit on how the Institution handles privacy information, often referred to as personally identifiable information (PII), and found the Institution's approach to be limited in scope and ultimately ineffective. The Smithsonian lacks a comprehensive privacy program and has not yet defined clear roles and responsibilities for a Senior Agency Official for Privacy (SAOP). It does not provide full privacy training for all employees and contractors; does not systematically identify or track sensitive PII or physically secure all PII; nor does it always

ensure that Smithsonian websites comply with privacy requirements. These weaknesses stem, in part, from the absence of an active SAOP with Institution-wide responsibility and authority, and the decentralized management of the Smithsonian's websites; for example, almost every museum and office has its own webmaster with the responsibility to update that unit's individual web page. Such a decentralized environment leads to inconsistent implementation of policies which, in turn, heightens the risk that security and privacy will be compromised.

These audits and others, including the one on personal property accountability, underscore the need for a shift in the interaction between the Smithsonian's central functions and the units. The autonomy of the units is entrenched in the culture and history of the place, and drives its vitality, creativity and innovation. But it also prevents the most effective use of the Institution's limited resources and poses other risks. Inconsistent payment practices, inaccurate accounting, inadequate oversight of projects, and the potential misuse of PII are just some of the consequences of this decentralization. Functions such as procurement, information technology, information security, project oversight and accounting should not be subject to varying policy interpretations and operating practices. The Smithsonian should be more unified in its operations. It is headed in the right direction with its responses to the Governance recommendations, but it has to go farther, particularly as it seeks to implement more pan-Institutional, cross-unit initiatives in fulfilling its strategic plan.

#### **MANAGEMENT CONTROLS OVER CARE OF THE COLLECTIONS**

A continuing challenge for the Institution, and one that we are keeping a close watch on, is the stewardship of its unparalleled collections. We were heartened to see the increase in the fiscal year 2010 appropriations for the Institution's collections care initiative. Studies over the years, by our office and by the internal Office of Policy and Analysis, show that the Institution's collections are increasingly at risk of theft or loss or deterioration.

Our 2006 audit of physical security and inventory controls over the collections at the Smithsonian's largest museum, the National Museum of Natural History (NMNH), found missing or inoperative security devices, weak supervision of non-staff in collection areas, and inadequate guard coverage. Moreover, NMNH did not develop or did not follow inventory plans; did not conduct cyclical inventories; and did not have accurate or complete inventory records. Shrinking budgets and staff resources were partly to blame. And while NMNH has addressed our recommendations from that audit, these issues remain a concern.

We recently completed a similar audit of collections safeguards and inventory controls at the National Air and Space Museum (NASM); we are awaiting management's formal comments before issuing our final report. We found similar problems there, most notably weaknesses in security devices and procedures.

We also just began another such audit, this time of the National Museum of American History. While we will again focus on security and inventory controls, we are expanding our scope to examine the condition of the collections, with a focus on storage, which has historically had issues with environmental contaminants, moisture, crowding, and other serious risks to the proper preservation of the collections.

We understand the resource constraints that prevent more comprehensive collections stewardship, from accurate and complete inventories to sound preservation, but we believe that the Institution could do more pan-Institutional planning and prioritizing to use whatever resources are available. For example, in our forthcoming report on the NASM collections audit, we are recommending more thorough and systematic security assessments, which can then be the basis for prioritized budget requests.

The importance of continually improving management control over collections cannot be overstated. The new strategic plan does focus on strengthening collections and expresses a commitment to digitize and make the collections accessible online. To do so effectively will also require a greater commitment to controls, as well as to addressing a myriad of other concerns I haven't even touched on, such as storage capacity for the collections, which are always increasing in number.

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Institution management is keenly aware of these and other management controls weaknesses and is addressing them in response to Governance Committee Recommendation 23. Keeping them a priority and fostering a disciplined management culture requires a continuing commitment from the top of the organization, reinforced by emphatic and clear communications. The Institution's new strategic plan should help, because it stresses the value of integrity, which requires all Smithsonian employees to carry out their work with the greatest responsibility and

accountability. The strategic plan also names as a priority organizational excellence, which must be grounded in strong management controls.

In addition to communication, there must also be clear consequences for failure to adhere to excellence, for noncompliance with policies. Holding individuals accountable for missing personal property, for example, would further safeguard the Institution's assets and affirm the expectation that employees will abide by the Smithsonian's *Statement of Values and Code of Ethics*.

Achieving these improvements in governance also rests equally on the shoulders of the staff in their day-to-day duties. To reform the control environment will require a careful and sustained effort to train and supervise staff. We are hardly alone in this observation. GAO has emphasized the importance of effective training. The Institution's external auditors recommended this year that the Smithsonian "place renewed focus on training and staff supervision to maximize the effectiveness of its accounting resources." The same thought applies to all functions related to management controls.

As Inspector General, I meet frequently with senior officials at the Smithsonian to understand their perspective and to understand how our audit work is received in the units most affected by our results. I also listen to more general concerns. Although these are not necessarily matters captured in audits or investigations, I'd like to share my thoughts, based on these conversations, on broader issues that will bear on the success of efforts to improve management controls.

One is the need for better marketing. It remains a challenge, in some instances, to persuade the programmatic side of the Institution of the importance of these controls. Many of the units – the museums and research centers and libraries and archives – view any new procedures or policies as a form of paperwork punishment for the misdeeds of errant executives who are now gone. In this view, because the few bad actors have left, and the remaining Smithsonian employees are devoted and trustworthy, the controls serve only to expand the power of the central administration. Another view questions putting any additional resources towards these back-office functions when there isn't enough money for core, programmatic missions. Unfortunately, at times the central administration, referred to as the Castle, seems to agree that these are unnecessary burdens to the units.

These views are mistaken. The Castle needs to do a better job of explaining that the purpose of management control is not to create paperwork, it is to reduce risk and improve operations and thereby protect Smithsonian resources. Nor is its purpose to centralize power. Management control is essential to managing an organization; their purpose is to improve the effectiveness of the Institution in fulfilling its important mission. Effective management control produces the information managers need to make the best decisions, such as how much a program is costing and whether it works, and how it compares to other programs when difficult resource decisions arise. Strong management control will make the Institution's resources go farther, and will reduce the incidence of problems that cost the Institution money (for example, by ensuring that laptops don't disappear), or that cause the Institution public embarrassment (for example, by creating oversight that prevents lavish spending at the public's expense, or by ensuring that if a laptop does disappear, no sensitive information is lost).

Finally, by fostering greater transparency and accountability, strong management controls instill confidence in the Institution by its congressional and public stakeholders. They assure generous donors and appropriators that the Institution is being the proper steward of what are ever more scarce public resources.

There may be reasons to complain about the number of new policies in the last two years and the seemingly excessive work they require. They may not be perfect, but that does not lessen the need for them. To think so ignores the Institution's obligation to be accountable and to acknowledge that every dollar the Smithsonian spends is either appropriated by Congress or comes from donations and from the trust it holds on behalf of the public.

Addressing these many challenges may not be easy, but the Institution is filled with creative people who are passionate about its mission to increase and diffuse knowledge. And the Secretary can continue to show leadership in these areas. Our office will strive to hold the Institution to the promise of its strategic plan. We believe the brilliance and dedication of the entire Smithsonian community should be harnessed to strengthen a management control environment that will make the Institution the most effective and efficient steward it can be.



Smithsonian Institution

Office of the Inspector General

**A. Sprightley Ryan  
Inspector General  
Smithsonian Institution**

Anne Sprightley Ryan is the Inspector General for the Smithsonian Institution. She has worked in the Office of the Inspector General since October 2003, when she was hired as Counsel to the Inspector General. She also served as Assistant Inspector General for Investigations and as Acting Inspector General until the Smithsonian Board of Regents appointed her to her current position in March 2007.

From 2000 to 2002, Ms. Ryan was an adjunct professor of law at the College of William and Mary School of Law. From 1995 to 2000, she was a prosecutor in the Environmental Crimes Section of the U.S. Department of Justice. She was an associate with Beveridge & Diamond, P.C., in Washington, D.C. from 1991 to 1995. She began her legal career as a law clerk to the Honorable Joyce Hens Green of the U.S. District Court for the District of Columbia.

Ms. Ryan received her bachelor's degree *cum laude* from Yale University in 1984 and her law degree from the Boalt Hall School of Law at the University of California, Berkeley, in 1989, where she was editor-in-chief of the *Ecology Law Quarterly*.

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## PREVIOUS LAPSES IN GOVERNANCE

Mr. DICKS. All right. Mr. Goldstein, we appreciate the GAO work on Smithsonian management. As you know, the Committee was very concerned about the management lapses of the previous Smithsonian leadership. We acted to get their attention to see that reforms would be implemented. What do you think were some of the largest problems that resulted from the governance lapses the Smithsonian experienced?

Mr. GOLDSTEIN. I think the largest lapse, as the Inspector General alludes to as well, is a lack of management control that allowed leadership at the Smithsonian to essentially do what they wished to do unimpeded by a normal course of control and integrity that in many instances allowed certain—

Mr. DICKS. Is this a lack of staffing? I mean, do they not have a strong—

Mr. GOLDSTEIN. No, it was a lack—

Mr. DICKS [continuing]. Comptroller or person who provides oversight on these expenditures of funds?

Mr. GOLDSTEIN. It was not a lack of staffing per se, it was more of a lack of a willingness or desire or culture to achieve those objectives. That has happily been remedied. While they are still putting some of the internal controls and practices in place, they clearly have turned the corner and do feel that these are things that they are willing to do. They can use some additional training and probably some additional resources to ensure that the financial—

## CONTROLS ON FUNDING PURPOSES

Mr. DICKS. What about spending money on the wrong purpose— if you are taking maintenance money and using it for capital projects? That is a misuse of the money, the way that Congress has provided the money. Is that not correct?

Ms. RYAN. Yes, but we believe that—

Mr. DICKS. Is it just not understood what is the difference maintenance and capital projects?

Ms. RYAN. There was certainly some lack of communication down to the people who obligated the money of the importance of that difference, but we are satisfied that to the extent the Institution implements our recommendations, which they have agreed to do, the likelihood of this happening again will be minimal.

Mr. DICKS. Mr. Goldstein, you indicate that the Smithsonian has made some progress but nevertheless it still has a number of management challenges that have persisted over many years. What do you think are the top two or three management and governance problems which still persist?

## DETERIORATED FACILITIES

Mr. GOLDSTEIN. I think the biggest single challenge that the Smithsonian faces, which I believe the Smithsonian is certainly trying to remedy through its strategic planning process and through its upcoming campaign is to ensure that they have effective program in place to manage the deterioration of the facilities they have and to have an accountability for how they are going to provide effective leadership for the facility and its collections so the

public is able to view them in the years to come. That is still its greatest challenge. They have taken—both the Institution and the Board of Regents, I think, have taken this much more seriously than when we began issuing our reports on these topics back in 2005, so to that extent, I think the culture is changing but they have some room to go still.

Mr. DICKS. This is a problem we face across the government, I mean in terms of inadequate funding either in the President's budget or from the Congress, whichever way you want to look at it, to deal with facilities and some of the issues related to collections.

Mr. GOLDSTEIN. I appreciate that.

Mr. DICKS. But you point these things out and remind us that we are still not where we need to be on some of these issues, and I just want to make it clear that part of it is because of a lack of resources. It is not evil intent here, it is that we do not have the money to do everything. But I do believe that this idea—and we face this in many other areas, such as the Park Service where we want to continue to expand and do more things while at the same time we are leaving behind some issues that have not been dealt with that need to be dealt with. It is a prioritizing of funding, I think. What else would you say are two or three things that are left to be done?

#### REGENTS RELATIONSHIP WITH ADVISORY BOARDS

Mr. GOLDSTEIN. I do think because it came out both in their own recommendations as well as ours that getting a better handle on the relationship between the Board of Regents and its advisory boards is a really important endeavor. The new chair of the Board, as well as the Secretary have committed to doing this, but for a long time I think the museums did have somewhat of a disconnect from the Board.

Mr. DICKS. Do they go in and brief the Board once a year or something like that about what they are doing?

Mr. GOLDSTEIN. It is episodic.

Mr. DICKS. It is not on a real schedule?

Mr. GOLDSTEIN. That is correct. There is now a quarterly e-mail that comes from the chairman of the Board, and as I indicated, the Smithsonian has committed to trying to formalize better two-way communications. In our discussions with advisory board chairs for the preparation of our report today, we talked to a number of them and they felt that they had seen improvements but they still felt that a lot of the communication was one-way and that they were not getting the opportunities to provide the regents with critical information on museums.

Mr. DICKS. So whose problem is that? Is it the regents or the management?

Mr. GOLDSTEIN. It is principally the regents. It is the relationship between the regents themselves and the advisory boards and the museums because clearly the regents do need a better understanding of the problems of the specific museums.

Mr. DICKS. How many times a year do the regents meet?

Mr. GOLDSTEIN. They meet four times a year.

Mr. DICKS. Four times a year.

Ms. RYAN. Plus committees.

Mr. DICKS. Plus they have various committees.

Mr. Simpson.

Mr. SIMPSON. Thank you, Mr. Chairman. You asked pretty much everything, but let me—

Mr. DICKS. I left a few.

#### FLEXIBILITY ON USE OF APPROPRIATIONS ACCOUNTS

Mr. SIMPSON. I was just proud that there was not anything about the previous Administration in the testimony.

Let me ask a question, though. Capital projects versus maintenance dollars: how much flexibility is there to move money between capital projects and maintenance dollars?

Ms. RYAN. In theory, there is none because they are separate appropriations accounts, in my understanding.

Mr. SIMPSON. Is that a mistake?

Ms. RYAN. Is that a mistake?

Mr. SIMPSON. I guess the reason I am asking that, is there ever a time that a maintenance project becomes a capital project when it starts off as a maintenance project?

Ms. RYAN. It could in theory, and I am not an expert in this area but I do not think it is a mistake to separate them because the money would always go to the latest emergency rather than long-term planning for maintenance, for example, but that is my non-expert opinion. You would have to ask—

Mr. SIMPSON. See, I have always wondered if we as Members of Congress or as any legislative body, whatever we do, if we get too particular in our appropriations, saying you can only spend a dollar here or there or there, and try to stovepipe things too much instead of setting goals and visions, whether it is the Smithsonian or any other agency of the federal government. Instead, perhaps we should say this is what we expect and if we are going to appropriate this amount of money to you, we expect you to use your expertise to decide how you are going to achieve these goals. If we do not appropriate that much, what are you going to be able to do, et cetera, et cetera, and then hold you accountable the next year for what you achieved, and if you fail to achieve those goals, we want to know why. But sometimes we sit here and say you can only—you know, we will let you buy a phone system and we will let you buy something else over here and we will let you do these kinds of things and we try to manage with the appropriation dollars, and that is what kind of gets me between maintenance and capital projects in that if we have a vision of what we want the Smithsonian to become, we expect the Secretary, his staff and so forth to be able to use their vision to decide what to do in the area of maintenance and what to do in the area of capital projects instead of sitting back and going well, we got appropriated this much money for capital maintenance and we have got to do this project, oops, this turned into a maintenance project and oops, this turned into a capital project, how we are going to—you know, do they spend all their time trying to fit the dollars into this pie chart or whatever that we have created rather than doing their job. It is kind of an esoteric question. I do not know.

Ms. RYAN. Well, certainly you are the appropriators. You can do what you think is right.

Mr. SIMPSON. Thank you for that.

Go ahead, Mr. Chairman.

Mr. DICKS. Well, the only thing I was going to say is, you have the President's budget. The President's budget lays out what the President thinks should be done. Obviously we make adjustments in that but we are basically operating off a document that has come from the Smithsonian and they with OMB have developed it, and it seems to me that they have a responsibility to spend the money on the things that have been agreed to between the President's budget and Congress in terms of the appropriations. Not to do that is a mistake, and it is not legal.

Mr. SIMPSON. That was not the question I asked. It is obvious that they have to spend the money according to how it is appropriated. I am suggesting—and this is not the first time. When I was the Speaker of the House in Idaho, we used to spend all the time on the appropriations committee deciding how the Department of Health and Welfare was going to spend every dollar, and we would debate whether they could buy a \$14,000 phone system in the legislature. That is not our job. We do not know whether that is what they need or not. What we know is what we want the Department of Health and Welfare to become and the job we want them to do. We hire people to achieve that goal, and we ought to hold them accountable for it and we ought to be able to have a budget process where they come in and sit down and say okay, if you appropriate us \$10 million this year, this is what we can achieve with it; if you appropriate us \$12 million, this is what we will do; if you appropriate us \$8 million, this is what we will do, and have goals that we can look at. Then next year when you come in for your appropriations, say we gave you \$10 million, this is what you said you would do, did you do it, did you do more, did you do less, why, why not, instead of getting down and deciding what kind of phone system you can buy. The problem is, we understand the phone system. We do not understand all the rest of it, so we debate the phone system. And I just said that we need to be more flexible in what we allow agencies, not just the Smithsonian but all agencies, to do the job and hold the people we hire to do the job accountable for the job that they do, and when we say—I can see, in fact, I almost cannot see a time when it does not occur when we have people that we have hired to do the job sitting down there saying gee, is this a maintenance project, when does it become a capital project and what is the difference between—and we all know, if you are going to build a new building, that is a capital project. If I am going to do something else to the building that needs to be repaired, is that maintenance or when does that become capital and which fund should it be coming from? We are spending all our time—I am not saying we are spending all our time. Well, I guess I did say that. We are spending a lot of our time trying to fit the definitions rather than do the job is what bothers me, and I appreciate your testimony and I think that we need the Inspector General and the Government Accountability Office to oversee these things to make sure that money is being spent appropriately.

## PERSONAL PROPERTY LOSS

It concerns me when you testify that \$12 million of personal property has disappeared and is unaccounted for. What are we doing to find out where that \$12 million of personal property is and what exactly it entails? What is it mostly?

Ms. RYAN. It is a variety of things. As I said, it could be anything from a vehicle to a laptop, and as for what the Institution is doing to find the items that are missing, I do not know what they are doing now for the past items. I do know that their improved policies, and also by implementing our recommendations from our audit, which just came out this month, they will further reduce the number of missing items. It has gone down to I believe less than or around 1 percent of items accounted for, which is apparently, I am not an expert on this but apparently the industry standard and agency standard and they are going to be holding people more accountable for their individual items.

Mr. SIMPSON. Are those mostly personal computers and that type of stuff?

Ms. RYAN. Yes, and occasionally a vehicle. No telescopes that I know of.

Mr. SIMPSON. That is pretty weird to have vehicles disappear.

Mr. DICKS. In your statement you said—if you would yield a second?

Mr. SIMPSON. Yes.

Mr. DICKS. In your statement you said that there was resistance on the part of the managers to take personal responsibility. I know in the military they do this, and we still lose a lot of stuff in the military. But do you think that that is essential, that people who are the managers take responsibility for these items, at least—

## MANAGEMENT CONTROLS AND ACCOUNTABILITY

Ms. RYAN. Take responsibility for enforcing accountability, yes, absolutely, that is part of the whole management control issue that is such a challenge. There has to be an ethos. It is the tone at the top. You will be held accountable for stuff that our office loses, and that makes it less likely it will get lost, I believe.

Mr. DICKS. Let us give Mr. Hinchey a chance.

Mr. HINCHEY. Well, thank you very much, Mr. Chairman, and thank you, both of you. It is a pleasure to be here with you and I just want to express my appreciation for what you are doing because I understand it is a pretty tough set of circumstances that you are engaged in and you are trying to make some significant progress, and I know that there are a number of issues that you have implemented that are important to the overall management of the Institution. I wonder if you could just tell us a little bit more specifically about some of the things that you have put into play and the ones that you think are the most significant reforms that you have brought about, what do you think they are going to do and how effective they are going to be.

Mr. GOLDSTEIN. We have recommended and the Governance Committee at the Smithsonian itself had recommended a number of different things to put in place including changes to travel policies, to creating public forums to provide greater transparency of

the actions of the Board, to achieving better efforts at contracting, to understanding Smithsonian business ventures and trying to bring that into line more with normal operating procedures at Smithsonian, and many of these things, as my testimony indicates, they have done. There are three or four outstanding things that they have yet to complete but they are working on them. Those include finishing contracting policies by writing contracting manuals, some of which they have completed, a few of which they have not, and improving financial reporting and internal control procedures. That will take additional resources, probably staffing resources perhaps as well as training. The Board had been somewhat concerned about that issue. And then as I indicated earlier, trying to improve interactions between the Board of Regents and the advisory boards.

#### PROGRESS IMPLEMENTING GOVERNANCE REFORMS

Mr. HINCHEY. Well, that is pretty good because a lot of progress is being made apparently.

Mr. GOLDSTEIN. Yes, sir, quite a bit.

Mr. HINCHEY. And there are still a few things that are still outstanding but nevertheless they are being worked on?

Mr. GOLDSTEIN. That is correct, sir.

Mr. HINCHEY. What do you think that this Committee should be doing in order to help? I know that there were a lot of things that this Committee did last year and expanded this budget in some very, very positive and very effective ways to make some big changes, and I wonder what you might think should be some of the focus of attention in the upcoming budget for the upcoming year?

Mr. GOLDSTEIN. Well, I think the kind of oversight that you are conducting today is important, asking GAO and the Inspector General at the Smithsonian to continue doing reviews of selected areas to make sure that the kinds of things being put in place are actually being implemented. For instance, the report that we have issued today, where we update our recommendations so that we can see which things the Smithsonian has put into place are helpful. We have not gone in at Congress' request at this point in time but certainly could to actually selectively evaluate whether or not these changes are actually making headway and whether they are being implemented. In other words, we have not gone in to take a sample, for instance, of travel vouchers or things like that. We have simply seen that the reforms are being put in place. But the next step would be over time to make sure through an auditing process that the things they said they were going to do they are actually doing and that they are doing well.

Mr. HINCHEY. Well, that is good to hear, of course, and I am not surprised because I know that the chairman of this Committee has made some very significant progress in focusing attention on the needs that really need to be addressed and to be addressed effectively, and I am sure that we will continue to do it under his leadership as this process goes on in the context of this next budget process, so thanks. Thank you very much.

Mr. GOLDSTEIN. Thank you.

## CROSS-UNIT INITIATIVES

Mr. DICKS. Ms. Ryan, you have stressed the need for more cross-unit initiatives for the Institution to enhance management and control of its many autonomous units. What specific kinds of cross-unit policies, practices or programs do you think are most urgently needed?

Ms. RYAN. Well, as I noted in my testimony, financial reporting, project management, use of funds, and just from the asbestos report that came out from the independent consultant that the Institution hired to look at its asbestos program, even there they note that one of the challenges to having a better asbestos management program is not only a lack of complete documentation but limited communication among departments and inconsistent messages to employees, which comes from the lack of cross-unit or what I would call centralization at the Institution. Oh, and I am sorry, if I add one other really important area, it would be information technology management and security.

## INFORMATION TECHNOLOGY SECURITY

Mr. DICKS. Well, how would you rate the quality of the information technology at the Smithsonian? Is it uneven? Is it unit by unit or museum by museum?

Ms. RYAN. It is both a central system—I think it is quite good overall but there is variation. Again, there is not a complete authority in one central office. The chief information officer does not necessarily have authority over all the various museums. For example, some museums have their own websites and that is terrific but that means that sometimes security issues are not handled consistently throughout the Institution.

Mr. DICKS. Have there been problems with hackers coming in or loss of sensitive information?

Ms. RYAN. Yes, there have been, but not recently. The ones I am most aware of, there was one four or five years ago and then another one maybe a year ago but it is not something I would want to discuss in detail here. I would be happy to brief your staff.

## CARE OF THE COLLECTIONS

Mr. DICKS. What about the care of the collections? Now, you have done some work on that.

Ms. RYAN. Yes.

Mr. DICKS. Tell us about that. Tell us the good news and the bad news, if you can.

Ms. RYAN. Well, the good news is, there is a terrific new facility out at Pennsy Drive. I cannot remember the exact name of it but it is part of the huge storage complex of the Institution and that some of the museums have state-of-the-art collections controls and we assume conditions, although we have not audited that yet so I am not comfortable giving any sort of assessment there. For example, National Museum of the American Indian, a new building, has just amazing facilities for the collections. The bad news is, the security is not always what it should be. That is something that we have looked at multiple times. The inventories are not conducted as often as they should be, and unfortunately, both those two

issues are resource-related largely, although we believe they could do more if they approached the issues more systematically, you know, figuring out which parts to inventory or, for security, focusing on the high-risk items. You want to spend more on the Hope Diamond than you do on, arachnid samples, I suppose. And then the final issue, the condition of the collections, we are starting to look into that now.

I will be happy to brief you as our audit progresses but we are especially concerned about storage. Again, in the asbestos report that was issued by the independent consultant, they talk about building 16 at Garber, which has restricted access because a lot of the collections have asbestos-containing material. They are enclosed in a protective structure, but that structure was built in the early 1980s so it is unclear how viable that still is, and there are other places as well that have contaminants that are going to have to be dealt with.

Mr. DICKS. Is there a systematic program to do that?

Ms. RYAN. I am not aware. I think the Secretary would be a better person to answer that.

Mr. DICKS. We are going to ask him that.

Mr. Simpson.

#### TRAVEL POLICY AND AUDITS

Mr. SIMPSON. Just one other question. You mentioned travel audits and that type of thing. Is there any evidence that any of that has been misused funds or anything like that or is it a bookkeeping issue?

Mr. GOLDSTEIN. We have not actually done those audits at this point so it would not be possible for me to tell you.

Ms. RYAN. If I may, we have—

Mr. DICKS. There was some history of lavish—

Mr. GOLDSTEIN. But that is going back—

Mr. DICKS [continuing]. Activities in the previous Administration.

Mr. GOLDSTEIN. Clearly there were issues with how travel funds were used under the previous Secretary. We have not since that time gone back in to look.

Ms. RYAN. Our office has, and we have not found any major problems.

Mr. DICKS. What do you think of the new travel policy?

Ms. RYAN. It is good. It is much better, and there is a much better—

Mr. DICKS. And it is clear and understandable so that people who are traveling know what they can or cannot do?

Ms. RYAN. I believe so. I am sure there are people who disagree but I think more importantly, the culture is changing. People understand and accept that yes, they have to be accountable for how they are spending the Institution's money, and that has been really good.

Mr. DICKS. Thanks for all you guys do.

Mr. GOLDSTEIN. Thank you very much.

Mr. DICKS. Mr. Hinchey, any follow-up?

## INTERACTION BETWEEN SMITHSONIAN AND GAO

Mr. HINCHEY. Just briefly. The interaction between the Smithsonian and the GAO and sort of the oversight operations there, can you give us some insight as to how effectively that operation has been and what might be done to make it stronger and more effective?

Mr. GOLDSTEIN. I have been doing audits of the Smithsonian for about six years now. As you know, we issued a number of important reports. We have always had extremely good relationships with the Smithsonian, with their Office of Governmental Affairs as well as with the Secretary's office. We have been able to obtain all the information that we need, and they have been very cooperative with us. They have always listened very carefully to what we have had to say, and have always accepted our recommendations and done pretty well in implementing them, so I think we have a very good relationship. It is not always the case with all the—you know, no one likes an auditor, but we have a good relationship with them. They have been very helpful to us in our work.

## MAINTENANCE BACKLOG

Mr. HINCHEY. That is great. I am glad to hear that. I understand that there is a maintenance backlog that is pretty substantial, about \$2 billion.

Mr. GOLDSTEIN. About 2.5, the last time we looked at it.

Mr. HINCHEY. Can you give us some sense of priority as to what are some of the things that needed to be addressed most?

Mr. GOLDSTEIN. There are a lot of major projects in really almost all of the museums. As I say, it has been two years since we have looked at it so I would hesitate to go into any detail, but the problems that they have largely remain and they have a capital plan that is in place that sort of incorporates both of their federal and their trust funds these days, which is a recommendation that we made several years ago so you could see transparently across all their museums the kinds of things that need to be fixed and the kinds of programs that they have, and they have a lot to do.

Mr. HINCHEY. A pretty uniform situation across the board?

Mr. GOLDSTEIN. Most of the museums have some—these are old museums. Many of them have been around for a long time and there are a lot of issues that need resolving.

Mr. HINCHEY. Well, thanks very much.

Mr. DICKS. All right. We appreciate your work and we thank you for your testimony here today and we look forward to continuing working with you.

Mr. GOLDSTEIN. Thank you.

Ms. RYAN. Thank you.

## TESTIMONY OF SMITHSONIAN SECRETARY CLOUGH

Mr. DICKS. Now we are going to have Dr. Wayne Clough, Secretary of the Smithsonian, and this is his first testimony, I believe, before our Committee. We are going to put your bio and your entire statement in the record. Please proceed as you wish.

Mr. CLOUGH. Thank you. Thank you, Mr. Chairman, and thanks to the Committee for this opportunity to meet with you today and

talk about the Smithsonian, an institution that is a great American institution and one that we all love and admire.

I want you to know that we are committed at the Smithsonian in what we would call a new era of transparency and openness and to the sharing of information and also to communicating the appropriate values to all of our employees, and a big part of that is discipline and understanding values.

#### STRATEGIC PLAN

We have a new strategic plan. We think that is a very important one that was done in a historically different way than in the past and that we engage all elements of the Smithsonian as well as bring in outside experts to participate with us on that plan, and it in fact calls for us to work across disciplines instead of staying in our silos and particularly to use the latest technology to reach the American people in ways that we have not done in the past. In doing so, we also hope to extend our reach, and we have been having discussions with the Department of Education to help address the issues that face the K-12 system in our country. And to that end, we have been fortunate to receive a gift from one of our regents to hire a director of education for the Smithsonian to coordinate our efforts in that area.

The new vision of our strategic plan calls on us to shape the future by preserving our heritage, discovering new knowledge and sharing our resources with the Nation and the world. Our strategic plan organizes our activities and focuses them under four areas, our grand challenges: One, unlocking the mysteries of the universe, which relates to the great work we do in astronomy and astrophysics; second, understanding and sustaining a biodiverse planet; third, valuing world cultures; and finally, understanding the American experience, what does it mean to be an American. These are areas of focus to help us identify where we want to track our efforts in the future and best utilize the resources that we do have. We also reaffirm the core values of integrity, responsibility and organizational excellence and so there was a major effort also put on what we call enabling mission and that is doing our work right with discipline. That was all part of the process.

#### RECENT ACCOMPLISHMENTS

For many reasons, we are optimistic about the future of the Smithsonian. For example, last year our folks worked very hard and opened 90 new exhibits that were remarkable in their range and diversity. We had nearly 30 million visits at the Smithsonian last year, six million more than the year before. I think we serve the American public particularly well in times of economic need in a way that few others do. The National Museum of American History, which was opened a year ago after being closed for two years, has seen already more than 4.6 million visitors, a 40 percent increase in visitation at this museum over past years. We have also had two free educational online conferences, webinars, in the past year, one on Lincoln and one on climate change. Experts from across the Smithsonian took part and with teachers and students all across the Nation and indeed the world. They could log on and participate.

Mr. DICKS. Is that on your website regarding climate change and we can go take a look at that?

Mr. CLOUGH. That is correct, and it is archived and you can see all of our experts from different parts of the Smithsonian speaking to what they know about the topic.

Mr. SIMPSON. What about the one on Lincoln?

Mr. CLOUGH. The Lincoln webinar is also there as well.

So nearly 11,000 people participated in all 50 States and more than 180 countries. Hundreds of universities joined us as well as NGOs, nonprofit organizations and, importantly, a number of Girl Scout troops.

Mr. DICKS. That is very important.

#### EDUCATIONAL OUTREACH

Mr. CLOUGH. And even my small, rural hometown of Douglas, Georgia, in the southern part of that State participated, which I am very proud of.

In science, art, history, and culture we have much to contribute and we are finding new ways to do so. We are using social media to tell the Smithsonian stories and to connect with audiences we have not connected with. We know we do not connect well with certain demographics and we are working on that. So we have used websites and blog posts, and since October 1st we have had more than 130,000 video views on Youtube, 34,000 Facebook fans and 16,000 Twitter followers where we rank, incidentally, as one of the top five most visited museum sites in the world. We were even the most popular blog in the world in a story last September when our scientists who study mammals that are endangered discovered a giant breed of rat in Papua, New Guinea, and this rat actually turned out to be not any more handsome than a normal rat but it was quite engaging because it enjoyed being petted and it is a vegetarian. We actually have this specimen, but I decided not to bring it along today.

Mr. DICKS. Thank you for that. We appreciate it.

#### GOVERNANCE REFORM IMPLEMENTATION

Mr. CLOUGH. We remain committed of course to the highest governance standards, and as you have heard, we are working hard with the GAO and with our IG to get at that issue and working with our regents, and we are proud of the fact that the GAO report had no further findings and that we have made progress on 39 of the 42 issues that we had, and we are committed to finishing that off.

We also appreciate the good work done by our Inspector General and we are cooperating with her to implement the reforms in the various areas that she has reviewed so accurately, I think, for you today, concerns expressed by both of them that we are working hard to address. And in a larger approach to this, in addition to addressing point by point by point, which we will do, we are undertaking a best practices study. We should have that under contract at the beginning of the year so that we look at the entirety of the Smithsonian, and the issue of how we work together in this organization or do not work together and try to find ways not only to do

our work correctly but also to use the money more efficiently that we have.

Mr. DICKS. Universities are doing this too.

Mr. CLOUGH. Yes.

Mr. DICKS. They have had this same problem. You have been an expert as head of Georgia Tech and provost at the University of Washington. They are not working between departments. I mean, we had a long, hard struggle with the intelligence community getting them to do this, and I just think the more interdisciplinary efforts you can have makes a lot of sense and utilizes all this talent you have.

Mr. CLOUGH. It does, and it creates what I call opportunity space where there are things we can do when we join our forces together that we cannot do if we stay apart, and so we are excited about that. That is what our plan certainly calls for, and it really makes a lot of difference in addressing some of the discipline issues that we heard about earlier.

So our Board of Regents of course is aggressive about their reform agenda and joining forces with the management to try to get all those done, and I do believe the Regents are working hard on their end of these issues. They have held historically their first two public meetings, which were widely seen on webcast and well received, and in addition they are working hard on this issue of working with the advisory boards that was mentioned.

#### EFFICIENT USE OF FUNDING

We are working hard too to get more efficient about the dollars that we receive, not only from the federal government but from the many private supporters that we have for the Smithsonian. The federal funding provided in fiscal year 2010 for the facilities capital and facilities maintenance will allow us to improve the condition of the Smithsonian's facilities, to design projects and make progress towards industry-recognized standards for facilities revitalization and facilities maintenance. And of course, we did receive some funding, \$25 million in funding from the Recovery Act, and we have obligated \$22 million of that already, or 89 percent, with holding back a little bit for reserve for contingencies and we have created the jobs that we expected in that case. You may have seen the scaffolding on the grand old Arts and Industries Building next to the castle building that stimulus funding made possible. That is the first effort to begin to restore that building, and with the federal funds we have with fiscal year 2010 we are beginning to work on the roof, which is a very complicated old roof structure, and repairing the masonry and working on some of the hazardous materials that are inside of this building. We developed a comprehensive program also, we think, for how this building might be used for the future.

I certainly want to thank the Committee for the additional \$2 million provided in the fiscal year 2010 budget to address the very important collections management issues for the Smithsonian, and those funds will go towards improved storage and additional conservation, and of course, we are continuing to grapple with the continued erosion that the chairman referred to of our curatorial staff that has occurred over the last decade, partly because of unfunded

pay increases. I do also want to thank the Committee for the flexibility you provided by allowing the availability of the fiscal year 2010 salaries and expenses appropriations an extra year.

Again, the Smithsonian is entering a new era. We know we can help our Nation and the world face many of the grand challenges that lie ahead in science, education and issues of national identity. We uniquely have the capacity through the collective impact of our museums and science centers to tell the story of America, all of its hopes, its struggles, its triumphs, its contradictions and its courage. In today's challenging time, we think our mission is more important than ever before. We look forward to the future and working with this Committee and with all our stakeholders to make the Smithsonian the great institution it should be for the American people. Thank you again for the opportunity to be here.

And finally, I know that you are very busy with all the work you have up here. Mr. Chairman, you were very generous to have your committee come down to the Smithsonian to see many of our facilities. We thank you for that visit. Our staff very much appreciated that visit. But we know since you are busy, we thought today we would bring the Smithsonian to you, and so what you have is an example of what we are doing with our digitization efforts, and so many of the Smithsonian treasures are right here captured on this thumb drive. It tells you a lot about our treasures that we digitized and we are busy using the digitization money to do more of this. In addition, it shows you all the different websites that you want to go to. You can even hear sounds from the zoo animals and download them onto your cell phone.

[The statement and brief biography of G. Wayne Clough follow:]

U.S. House of Representatives  
Committee on Appropriations  
Subcommittee on Interior, Environment, and Related Agencies  
Smithsonian Institution  
Dr. G. Wayne Clough, Secretary  
10 December 2009

Thank you for this opportunity to testify regarding the Smithsonian Institution's new strategic plan, implementation of governance reform, our facilities maintenance and revitalization program and our plans for the future. As always, we are grateful for the continued support of the Congress for all that we do. I have had the privilege to serve as Secretary of the Smithsonian for a year and a half. It is an honor for me to work with so many dedicated people committed to excellence in science, history, art, culture and more.

The Smithsonian Institution is truly a unique national and world treasure. It now has 19 museums and galleries, 20 libraries, numerous research centers, and the National Zoological Park. All except two of the museums are located in the Washington, DC metropolitan area: Cooper-Hewitt, National Design Museum and the George Gustav Heye Center of the National Museum of the American Indian are located in New York City. As an international institution, it offers the world a picture of America and America a picture of the world.

The Smithsonian serves the public in many ways, including through our museums. Attendance is up significantly, and we received a remarkable increase of 6 million visits in fiscal year 2009, bringing total visitation to nearly 30 million. All of our museums are open 364 days a year and we are particularly proud to provide this experience free of charge at a time when so many Americans are under financial strain. I would like to take this opportunity to thank the staff of the Smithsonian for their hard work in accommodating visitors to our museums, public programs, traveling exhibits, websites, and in sharing the Smithsonian with the public in many other ways.

We have started a new era. As you know, last October the Smithsonian embarked on a year-long strategic planning process designed to provide focus for the many different parts of the Smithsonian and explain how they can work together to achieve an outcome that is more than just the sum of the parts. I am pleased to say because of the work of hundreds of people over the course of the past year, our new strategic plan has been approved by the Board of Regents and is now being implemented. Our process of developing the plan was unique in the history of the Smithsonian in that it was inclusive and considered the input of nearly 1,500 internal and external stakeholders who shared valuable insight into our future.

While we will certainly continue with the core activities of the Smithsonian, exhibitions, collections, preservation, scholarship and research, we now have new opportunities to better serve the American people. In addition to our museum visitors, we know there is a much larger underserved audience for what we have to offer. Our strategic plan will

allow us to expand our reach to hundreds of millions more people in the future, especially in rural areas, minority communities and other underserved populations.

The plan sums up the role of the Smithsonian as “inspiring generations through knowledge and discovery” and sets our new vision as “shaping the future by preserving our heritage, discovering new knowledge and sharing our resources with the world.” It provides a focus we have not had before by organizing our activities in four themes or “grand challenges:” 1) Unlocking the Mysteries of the Universe, 2) Understanding and Sustaining a Biodiverse Planet, 3) Valuing World Cultures, and 4) Understanding the American Experience.

The umbrella of the grand challenges provides a focus for the efforts of the many different units that make up the Smithsonian, allows us to build on what we already do well, and provides a basis for working across disciplinary and unit boundaries. To enable this interdisciplinary work, we will develop a set of “centers” designed to facilitate and promote interdisciplinary activities within and across the themes. The plan also is a call to action to broaden access to our content and revitalize education at the Smithsonian. These are transformative areas of opportunity for us that will enable us to combine the power of our museums and science centers with new technology to reach new and diverse audiences across the country and the world.

Federal funds will be one element financing the strategic plan. The plan will support a major capital campaign that we hope will greatly increase philanthropic contributions to the Institution. I also believe that the strategic plan will greatly improve the Smithsonian’s ability to compete for and win grants and contracts, and that greater exposure to our expertise and our collections will create new business opportunities. I am fully committed to doing my best to raise the needed funds in all these ways to minimize the cost of the plan to the Federal government.

I am hopeful that five years from now, we will be able to look back at this plan and say we got it right, and that we accomplished great things because we focused and worked together across disciplines in new and creative ways.

This is a challenging time for our country, and we understand that as one of our nation’s key institutions we must look for ways in which we can improve our service to the American people. To do this, we must be innovative, focused, nimble and more self-reliant than in the past. We will seek excellence in all we do, and with the continued support of the American people we will achieve it. We are optimistic about the future.

This past summer more than one million visitors enjoyed the 43rd annual Smithsonian Folklife Festival on the National Mall. We have 165 affiliate museums in 41 states, the District of Columbia, Puerto Rico, and Panama. The Smithsonian Institution Traveling Exhibition Service, the largest traveling exhibition service in the world, reaches roughly five million people throughout the country each year. Every year, the Smithsonian Associates (TSA) presents more than 1,000 programs featuring renowned scholars, celebrated personalities, and opinion leaders who share their innovative ideas and

scholarship. The Institution's reach is further expanded through the Emmy Award-winning Smithsonian Networks, which now reaches millions of households.

The Institution has worked hard to attract new audiences and engage visitors while they are here. Last year, we opened 90 new exhibits that were remarkable in their range and diversity. The National Museum of American History reopened last November after being closed for two years and has seen more than 4.6 million visitors since that time. This represents a significant, 40 percent increase in visitation over previous years. This year was made even more eventful as we celebrated the Presidential Inauguration, the premiere of the movie "Night at the Museum: Battle of the Smithsonian," the 40<sup>th</sup> anniversary of the landing on the Moon, as well as the opening of a new public viewing observatory at the National Air and Space Museum. Smithsonian scientists discovered new planets that look like the Earth and a number of new living species, including a giant three-foot rat in Papua, New Guinea.

Museum visitation is a visible part of our traditional role, but we are steadily exploring uses of technology to allow us to broaden access and reach new and larger audiences. Our collections, more than 137 million artifacts, works of art and scientific specimens, document our history and represent the natural and cultural diversity of our world. The Smithsonian protects our nation's treasures: moon rocks, tiny fossils, giant squid, the Star-Spangled Banner, Edison's light bulb and Morse's telegraph, the Wright flyer, the Apollo 11 command module Columbia, Lewis and Clark's compass, Mark Twain's self-portrait, and much more. We received more than 188 million visits to our various websites in fiscal year 2009, and we must use all the tools of modern technology to increase that number and bring these treasures to a broader, more diverse audience—especially students and teachers.

In February, we held a free two-day Internet seminar on Lincoln for teachers and students all across the country—and around the globe. More than 6,000 organizations participated in the virtual conference from more than 2,000 different cities and towns in all 50 states and more than 80 countries on six continents.

In October, the Smithsonian Center for Education and Museum Studies (SCEMS) and our Office of the Chief Information Officer offered our second free online educational program. The second program was about climate change, an issue that fits well within the second grand challenge area, protecting the biodiversity of the planet. SCEMS set up the program, advertised it, coordinated it, and worked with the Chief Information Officer to create the on line structure for it. The program itself was composed of lectures and panel discussions by Smithsonian experts from seven of our units and drawn from the fields of archeology, art history, conservation biology, environmental education, history, paleontology, and marine sciences, among others.

It was a resounding success, with 4,500 participant organizations taking advantage of the opportunity to blog and ask questions live. The participants were from all 50 states and more than 100 countries, including hundreds of universities, NGOs, and non-profit organizations. Several universities had classes participate and even web cast the program

on their networks. Teachers are already talking about lesson plans they are going to develop from the material, and the program continues using archived sessions that allow new participants to join in the ongoing dialog. This program illustrates how we delivered a powerful message concerning a current event by assembling and coordinating the remarkable team that came from multiple disciplines at the Smithsonian.

These and other programs are indicative of our ability to help improve education. For example, the Smithsonian American Art Museum (SAAM), in partnership with the Department of Defense Education Activity, provides professional development, curriculum resources and videoconferences for K-12 teachers and students in schools for children of military service members located on bases in the US, Europe, and the Pacific. The Smithsonian American Art Museum is also using social media to expand education opportunities, including online games. This July, the Museum co-presented with Cisco Systems Inc. at the National Educational Computing Conference and offered a three-day workshop for educators in Los Angeles. The National Museum of African Art has been recognized for its award winning website, notably the children's page.

In addition to the physical museum visitors and those who go to our web site, we are using social media to build communities that are entry points for engagement with the Institution. Social media enable us to tell Smithsonian stories to our fans and followers in different and dynamic ways: videos, photos, Web sites and blog posts. Since October 1<sup>st</sup>, we have had 133,917 video views on YouTube, 34,000 Facebook Fans and 16,000 Twitter followers, where we rank among the 5 most visited museum sites.

The Smithsonian Latino Center has received outstanding reviews for the opening of its "virtual museum" using Second Life, where visitors can see our Latino collections and experience music and oral history with the touch of a computer mouse.

To generate more new ideas to use technology to reach new audiences, we held a "Smithsonian 2.0" digitization and social media conference and listened to 30 outside technology entrepreneurs offer their fresh ideas. We plan to digitize more of our collections and increase access to our expert scholarship. Roughly 1% of our collections are on display, and we need to increase rapidly the collections available online. We are making incremental progress. For example, the National Museum of Natural History makes accessible more than 5 million catalog records and 640,000 digital images via the Web for students, scientists, and government officials from around the globe. With a grant from the Terra Foundation for American Art in 2005, the Archives of American Art has undertaken a six-year digitization effort which will result in approximately 1.2 million digital collection images made accessible via the Web by the end of 2011.

The National Postal Museum's Arago website currently features more than 13,000 philatelic and postal history objects from the Museum's collections, using the Internet to permit more than 100 expert volunteer researchers to contribute original research and cataloguing of the objects presented. The Freer and Sackler Galleries recently launched the first 2.0 Web catalogue of the Museum's collections, featuring 900 Mainland Southwest Asian ceramics, color images, detailed curatorial notes, a library of

commissioned essays and translations, and a bibliography of more than 1,300 citations. Ceramics enthusiasts and scholars from around the globe were introduced to the new online catalogue in June during the Galleries' first international webinar. The interactive Field Notes section of the catalogue enables researchers and the public to post their own comments and findings, creating a worldwide community of scholarship.

Smithsonian museums, archives, and libraries have collaborated to create the Collections Search Center, a one-stop-searching center for the public of Smithsonian collections. This fast growing Collections Search Center currently contains 2.3 million records with 280,000 online media, including images, sound files, videos, and electronic journals.

These and other programs utilizing web-based technology will be built into a more formal, and broad-based approach to deliver educational activities by the Smithsonian because the strategic plan identifies "revitalizing education" as a major Smithsonian priority. The Smithsonian has an important role to play in inspiring new generations about science, history, art and culture and can be a partner in collaborating with formal education in these areas. To help coordinate strategies and efforts, with the help of a generous donor, we are creating a new pan-institutional position of Director of Smithsonian Education to oversee these efforts. It is hoped that this new Director will be in place by early 2010.

Nearly 4,000 teachers participated in person in Teachers Night events in fiscal year 2009 in Washington, DC and Durham, Nebraska and another 1.5 million received educational publications from the Smithsonian. Our education web site, SmithsonianEducation.org won the People's Voice Webby Award for best cultural site for the second year in a row. In addition, the Council of Chief State School Officers (CCSSO) and the Smithsonian Institution continue to work together to develop new instructional materials and offer teachers professional development that addresses common core state standards.

Our efforts in science education are growing. The National Museum of Natural History has embarked on an ambitious effort to produce a web page for all living species that can be used by science teachers, scholars, researchers, and others around the world for free. More than 190,000 species pages are already posted on this "Encyclopedia of Life" and in 2009 alone we have had more than five million hits.

For the past 24 years, the Smithsonian's National Science Resources Center (NSRC) has leveraged the research and expertise of the Smithsonian and the National Academies to develop much needed science education materials for the classroom in partnership with government agencies, academic institutions, corporations, and museums. NSRC materials are now used in K-12 science programs in more than 1,200 school districts, representing 30% of the U.S. student population, or 19 million students.

More than 500 Smithsonian staff scientists, assisted by approximately 500 fellowship appointments and hundreds of international collaborators, work on astrophysics, reproductive biology, forensic anthropology, invasive and endangered species, paleontology, marine biology, wildlife conservation and more—including climate change

and biodiversity. In addition, the Smithsonian has more than 1,300 interns working on research, as well as all operational areas of the Institution.

Relevant Smithsonian research using our collections and long-term databases illuminates past and present climate change, potential mitigation strategies and human adaptations. Our research includes measuring atmospheric pollutants and greenhouse gases from space; studying the effects of increasing CO<sub>2</sub> gas on Chesapeake Bay plant communities and Florida coastal wetlands; and creating vast, linked observatory networks for measuring climate change impact on flora and fauna at our centers in Virginia, Maryland, Florida, Panama and worldwide through collaborations with others. Funds provided in the fiscal year 2010 appropriation help support our newest initiative in this area, the Smithsonian Institution Global Earth Observatories (SIGEO). The initiative is a global collaborative network of 34 plots feeding key environmental data into a common database so we can track changes in forests around the world. One of those collaborators is the University of Washington at Wind River.

In the Arctic, our anthropologists work with native people to understand their adaptations to increasingly unpredictable weather and shrinking sea ice. Our strengths in this area and our convening power allowed us to hold our recent symposium on tropical deforestation, which received media attention around the world. Recognizing our strong leadership in observational science, the Smithsonian National Zoological Park's 3,200-acre Conservation and Research Center in Front Royal, Virginia, has been selected as a core site for the National Ecological Observatory Network, or NEON, a planned continental-scale ecological observatory. NEON is a project of the National Science Foundation.

The Smithsonian Environmental Research Center (SERC) is a leading national and international center for research in the area of non-native species invasions in coastal ecosystems. A primary goal of SERC's research on non-native species invasions is to advance the fundamental science, which is critical to developing effective management and policy. Our research aims to address gaps between science and policy, providing the scientific understanding necessary to inform and evaluate management strategies for invasive species. For example, while surveying the hulls of boats in San Francisco Bay, a SERC researcher recently discovered Wakame (wah-kah-may), a large golden-brown kelp native to the waters off Korea, China and Japan. Wakame may pose a potential threat to California's native algae and its rapid growth and fouling-potential could also cause economic problems for marina operators and oyster growers. While much of the marine invasion research has focused on commercial vessels, SERC colleagues are trying to go beyond that to tackle the role of recreational boats as well.

Smithsonian scientists examined the feather remains from the January 15<sup>th</sup> US Airways Flight 1549 bird strike near LaGuardia airport that resulted in the plane landing in the Hudson River near New York City. The scientists determined not only the species (Canada goose), but also that the birds involved were from a migratory population. This knowledge is important to aid the development of future mitigation strategies at airports. This is the first time that molecular genetic tools and other detailed analyses have been

applied in a forensic case to provide essential, detailed data on the species involved and their geographic origin.

Beyond research in the sciences, our scholarship extends to art, history and culture. As our country becomes more diverse, it is important to support and strengthen the cohesiveness of our society. The Smithsonian helps reinforce the elements of cohesiveness through our history, traditions and aspirations. Our artifacts and specimens tell wonderful stories illustrating the unique contributions of the people who make up this great nation. We tell the story of what it means to be an American.

As mentioned, the revitalized National Museum of American History has welcomed more than 4.6 million visitors since it reopened last November. The centerpiece of the renovation is the Star-Spangled Banner Gallery, with a new home for the flag that flew over Baltimore's Fort McHenry during the War of 1812. Visitors are also flocking to exhibitions such as: *Abraham Lincoln: An Extraordinary Life*; *America on the Move*; *The American Presidency: A Glorious Burden*; and *The Scurlock Studio and Black Washington: Picturing the Promise*.

The Scurlock exhibition is a product of the National Museum of African American History and Culture (NMAAHC). Funds provided in fiscal year 2010 have permitted us to sign the contract to begin the design for the museum. Through its historic place on the Mall, next to the Washington Monument and close to the White House and the Lincoln Memorial, and its compelling content, NMAAHC will tell an essential part of the American story. It will be told as only the Smithsonian can tell it—through its collections, curators, and the American people.

NMAAHC is just one example of how we will expand our efforts to reach out to diverse audiences. The National Museum of the American Indian, the Smithsonian Latino Center and the Smithsonian Asian Pacific American Program also help us develop exhibits, programs and strategies to tell the stories and celebrate the contributions of the various cultures that come together to create the American story.

Art offers us different ways to look at the world and the Smithsonian collections do so through the lenses of Asian, Latino, American, African American, Native American and contemporary perspectives. And you can learn about the art of design at our Cooper Hewitt National Design Museum in New York City. Visitors to our museums and web sites will see portraiture, performances, film and more that will surprise and inspire.

With the right resources we can do even more. Philanthropy is down for almost all charitable organizations. For the Smithsonian, we set our fiscal year 2009 fundraising goal, \$120 million, before the consequences of the economic downturn were realized. I am pleased to say that the Smithsonian ran counter to the national trend and exceeded our goal by 5.5%, ending the year at almost \$127 million. The Bill & Melinda Gates Foundation contributed \$10 million to the National Museum of African American History and Culture to support its capital campaign and the National Museum of Natural History received \$10 million from the John D. and Catherine T. MacArthur Foundation

for the Encyclopedia of Life consortium. This is the second \$10 million grant by the MacArthur Foundation for this project.

In all we do, we remain committed to the highest ethical standards. The Smithsonian's Board of Regents established an aggressive governance reform agenda to address the problems identified in 2007. The Smithsonian has implemented all 25 recommendations, though it will take more time to completely operationalize some of those reforms. Reforms included the creation of a new position for a Chairman of the Board and the establishment of an Office of the Regents separate from the Office of the Secretary. The General Counsel, the Chief Financial Officer and the Inspector General have direct access to the Board. We have developed a unified compensation approach for our senior leadership; all directors are prohibited from serving on corporate boards, and are on an earned leave system. The Regents have held two open public meetings that were well received by the public and the press. The 25 reforms are attached

We appreciate the independent review of the Government Accountability Office (GAO). We recognize that good governance is an ongoing process and, as mentioned, I am pleased that the 25 basic Governance Committee recommendations have been completed. That said, we agree with GAO that more always needs to be done. We are working aggressively to complete actions that flow from those recommendations as well as further recommendations made by GAO.

We also appreciate the good work being done by the Inspector General, and are working cooperatively with her to implement reforms in the various areas she has reviewed. Sound management practices are essential to the success of the Smithsonian, and we have a responsibility to ensure that our resources are managed wisely and effectively. With all these reforms, our goal is much more than to fix past problems; our goal is to become a leader in good governance. We are well on our way to achieving this goal.

As always, we strive to be as efficient as possible with every dollar we allocate.

The federal funding provided in fiscal year 2010 of \$125 million for the Facilities Capital Program and \$73 million for Facilities Maintenance will allow us to continue to improve the condition of the Institution's facilities, to design projects such as the National Museum of African American History and Culture, and to continue progress toward the National Academy of Public Administration (NAPA) and GAO-recognized annual goals of \$150 million for facilities revitalization and \$100 million for facilities maintenance, which are consistent with industry standards.

We are also moving forward with renovation of the Arts and Industries Building. With federal funds provided in the fiscal year 2010 Interior bill (\$12.6 million) and the American Recovery and Reinvestment Act (\$4.6 million), we are replacing the roof, repairing the masonry, removing hazardous materials and removing some interior partitions. In consultation with some of the most imaginative experts in the country, we have developed a comprehensive program for the content of the building, and are hard at work to actualize that program with dynamic and exciting designs. When it reopens,

hopefully in 2015, the Arts and Industries Building will serve as a gateway to the Smithsonian and provide an intersection between our education program and the four Grand Challenges identified in our new Strategic Plan. We have evidence of major donor interest, especially with regard to the innovative technology we will deploy in order to create a truly exciting experience for our visitors, both in person and online. I am confident the new language of the Legacy Fund will be a great incentive for donors.

The goal in the rehabilitation of this building is to learn from the past and make the building a showplace for the future, incorporating sustainable features for energy reduction, and use of natural day lighting and water capture from the 2.2 acre roof for reuse in garden irrigation.

In addition to the funding provided for the Arts and Industries Building, the Recovery Act also provided funding for infrastructure repairs at the National Zoological Park (\$11.4 million) and other infrastructure repairs across the Institution (\$9 million). Total Recovery Act funding for the Smithsonian was \$25 million. We have obligated \$22 million of that amount, or 89%, and the remainder is reserved for contingencies. These additional funds are being directed to critical repair projects that will further improve the safety and efficiency of our buildings.

I would like to thank the committee for the additional flexibility you've provided by extending the availability of the fiscal year 2010 Salaries and Expenses appropriations an extra year. The two-year availability will help us strengthen internal controls as necessary and will allow us to manage our resources more effectively and efficiently.

The Smithsonian is fortunate to have some of the brightest minds in the world. The passion, dedication and creativity of our 6,000 employees (of which 4,000 are federal civil servants and 2,000 are trust employees) and 6,000 volunteers are unprecedented. Our recent employee survey found that 92% of our staff believes their work is important.

The Smithsonian is entering a new era. We know we can help our nation and the world face many of the grand challenges that lie ahead in science, education, and issues of national identity. We have the capacity to tell the story of America and all its hopes, struggles, triumphs, creativity, contradictions, and courage. In today's challenging times, our mission is more important than ever. The Smithsonian looks to the future with a combination of realism and optimism, and appreciates the support of this Committee and Congress.

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December 2009

**Wayne Clough**  
**Secretary of the Smithsonian Institution**

Wayne Clough is the 12th Secretary of the Smithsonian Institution, leading the world's largest museum and research complex with 19 museums, nine research centers, the National Zoo and research activities in more than 90 countries.

Clough, 67, envisions a new era for the 162-year-old Institution, expanding the Smithsonian's global relevance and helping our nation shape its future through research, education and scientific discovery on major topics of the day. He has initiated long-range planning for the Institution that will define the Smithsonian's focus for the future.

Ensuring that the Institution's vast collection is accessible and available to everyone is also a priority for Clough. He has already put plans in motion to digitize much of the Smithsonian's 137 million objects in the collection: Each object will be digitally photographed or scanned and accompanied on the Web by curatorial content from Smithsonian experts.

Since Clough began as Secretary in July 2008, he has overseen several major openings at the Smithsonian, including the Sant Ocean Hall at the National Museum of Natural History and the reopening of the National Museum of American History.

Before his appointment to the Smithsonian, Clough served as president of the Georgia Institute of Technology for 14 years. He received his bachelor's and master's degrees in civil engineering from Georgia Tech in 1964 and 1965 and a doctorate in 1969 in civil engineering from the University of California, Berkeley.

Clough has been a professor at Duke University, Stanford University and Virginia Tech. He served as head of the department of civil engineering and dean of the College of Engineering at Virginia Tech, and as provost at the University of Washington.

The Georgia Tech campus served as the Olympic Village for the 1996 Centennial Olympics while Clough was president. Research expenditures increased from \$212 million to \$425 million and student enrollments from 13,000 to 18,000. More than one-and-a-half billion dollars was raised in private gifts, and campus operations were opened in Savannah, Ga., Ireland, Singapore and Shanghai.

Clough completed a building program of more than \$1 billion that incorporated sustainable design. Georgia Tech was also ranked among the top 10 public universities by U.S. News and World Report during Clough's tenure. The publication *Diverse Issues in Higher Education* cited Georgia Tech as the top producer of African American engineers, and *Hispanic Business Magazine* named the school among the top institutions for study by Hispanic students.

In March 2009, Clough was inducted into the Technology Hall of Fame of Georgia, which was established in 1993 to recognize the achievements of outstanding members of Georgia's technology community. In February 2009, he received the Joseph M. Pettit Alumni Distinguished Service Award that recognizes a lifetime of leadership, achievement and service to Georgia Tech. Clough received nine national awards from the American Society of Civil Engineers, including the 2004 OPAL lifetime award for contributions to education. He is one of 14 civil engineers to have been twice awarded civil engineering's oldest recognition, the Norman Medal, in 1982 and in 1996. He received the George Westinghouse Award from the American Society of Engineering Education in 1986 for outstanding teaching and research. In 1990, he was elected to the National Academy of Engineering, and in 2008 was recognized with the NAE Bueche Award for his efforts in public policy. He was awarded the 2002 National Engineering Award by the American Association of Engineering Societies and in 2004 was named as a Distinguished Alumnus from the College of Engineering at U.C. Berkeley.

Clough currently serves as a member of the National Science Board and as chair of the National Research Council Committee on New Orleans Regional Hurricane Protection Projects. He served on the President's Council of Advisors on Science and Technology (2001-08) and as co-chair of the 2004 National Innovation Initiative and University vice chair of the U.S. Council on Competitiveness; he chaired the Engineer of 2020 Project for the NAE and served as a member of the National Governors Association Innovate America Task Force (2006-07).

Georgia Gov. Roy Barnes appointed Clough chair of the Blue Ribbon Natural Gas Task Force; Atlanta Mayor Shirley Franklin made him chair of her Clean Water Advisory Panel. He served on the boards of Noro-Moseley Partners, TSYS Corp. and the International Advisory Board of King Fahd University of Petroleum and Minerals.

Clough's interests include science, technology and higher-education policy, sustainability, international programs, museums and history. His civil engineering specialty is in geotechnical and earthquake engineering. He has published more than 130 papers and reports and six book chapters and has co-written numerous committee reports. Clough was born in Douglas, Ga., Sept. 24, 1941.

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Mr. DICKS. We will do it. Well, thank you, and again, I want to say I personally appreciate your statement today and your energy and your enthusiasm and your new plan. I think they are terrific and I just see the Smithsonian doing better and better.

#### ASBESTOS SITUATION IN BUILDINGS

Now, we have a few things we want to talk about. I want to ask you about the asbestos situation that was mentioned earlier at the Smithsonian and the article in the Washington Post today. As you know, many of us on the Hill are very concerned about potential asbestos dangers to workers and to the public. With the millions of visitors you receive and the hundreds of workers who are routinely modifying buildings for exhibits, it is essential that the Smithsonian take its asbestos situation very seriously. The consultant's report indicates that there continues to be record-keeping and training problems on this issue. The lack of employee training seems to be a common theme even in the business and financial system reviews we have examined. Please tell us about the asbestos situation, especially what you are doing to update records, test facilities and train employees on proper asbestos handling.

Mr. CLOUGH. Thank you. If you remember, we had an incident regarding a particular employee a while back and it triggered a re-evaluation of our asbestos programs. My approach to that, working with our staff, was to say we will look at this in its largest sense. We want to approach this by bringing in an outside company that would review our policies and procedures overall to see if we have the right context, right framework to do the work and then secondly, we want to go down to where the rubber meets the road with our employees and let them tell us what they think as to whether or not they are really getting the training that we say we are going to deliver. But in the meantime, in addition to undertaking that study with an independent consultant, we undertook a number of activities ourselves. For example, we are reassessing the entire mapping of asbestos-containing materials, ACMs, as they are called, over the entire Smithsonian and it was recommended, for example, in the report that we do that every three years. We will do that. That is underway as we speak. Eight hundred people this year did receive asbestos training and we went through a screening process for anyone who felt they may have a health problem. That process continues but we think we are fully on track in that regard.

The independent study that we commissioned, I asked that that report directly to my office, not to go through our safety office, and I think our safety office has many competent people but I want it to come directly to me, not to the safety office. I wanted them to be able to tell us if they felt we had problems in our safety office, and so that report now has been issued. We are reassured in many ways by that report. It does say that our overall framework and our overall policies are good. They meet the test of federal standards, which as they say are much better and much higher than you would find in most commercial applications. However, they did note a number of cases where we can improve in record keeping and in training and we are glad to hear that. We want to be a learning organization. This information we take to heart. So as soon as we got the report, we digested that report very briefly. We issued an

e-mail to all of the Smithsonian employees saying that we had the report, it is posted on our website so any employee can read it, and we—

Mr. DICKS. I think that is terrific.

Mr. CLOUGH. And we delegated to the head of facilities the task of taking each and every one of those recommendations from the safety consultant and getting back to me in February and saying exactly how we are going to address each one of those things. So we think there was a reassuring message in the report but at the same time we need to get more serious about how we document, how we record, and as the Inspector General has said, to get the Smithsonian to act as a whole on these issues that pervade the whole institution as opposed to treating them separately.

Mr. DICKS. Now, with respect to the settlement reported today in the Washington Post, do you expect that there are other employees who also worked in the same kind of conditions and who may be seeking compensation?

Mr. CLOUGH. It could happen, and we do not know where that will actually go because we offered every employee at the Smithsonian first an opportunity to have a one-on-one session with an expert on asbestos issues in terms of their health, their physical health, and as I understand it, I think about 60 people took us up on that, and then we offered them if they wanted to go further a full health screening on their health conditions, and I think about 50 people have undertaken that and we simply have not heard the outcome from that. There may be some who do feel that they have issues and obviously we will stand up to that test.

Mr. DICKS. And so we do not know yet what the result of the medical testing is. Is that correct?

Mr. CLOUGH. To date, we have not heard anything back from anyone suggesting a problem but we may. As you know, asbestos is something that takes a while to wind out in terms of those issues.

#### SUITLAND FACILITY PROBLEMS

Mr. DICKS. Now, we understand that the Garber facility, which our staff visited earlier this week, has a major asbestos problem. The asbestos in the storage facilities makes use of artifacts difficult and expensive. How large is this problem and what are you going to do about it and do we need to provide resources for that?

Mr. CLOUGH. It is a serious issue. This area is called the Suitland facility, the collections center, has within it some incredible state-of-the-art facilities which the federal government has helped us build, particularly to deal with assets and artifacts that require special care, for example, fish specimens and birds and all these things that you have to keep in alcohol, that kind of thing. We have moved all that out there so we have had tremendous improvement in collections care on that side. The Garber part of the facility is the oldest part. It was an old warehouse area and the Smithsonian has been using these warehouses to store things and it was discovered after some time that there was asbestos in this area and so they are isolated, and if you walk in you will see plastic everywhere to keep the asbestos from getting on the artifacts but it is not a good facility. Ultimately we would like to get out of

Garber entirely. We would like to tear down all those old warehouses, they are far from state-of-the-art, and get out of Garber.

Now, we were able to move a significant amount of the collections that were there into the new Pennsy facility that the Inspector General referred to. This is a state-of-the-art facility in Landover, Maryland, in sort of a light industrial area. It was done I think very cost-effectively and provided us with places to move some of the artifacts. Now, the Air and Space Museum has a large new facility and we will move some of that out to the Dulles facility or so-called Hazy Museum in their construction that they are doing now. So we are doing it step by step. Ultimately we need to tear all that down and get out of the Garber facility.

Mr. DICKS. And that is a resource issue, right?

Mr. CLOUGH. Yes, it is.

Mr. DICKS. You have to have the money in order to do that.

Mr. CLOUGH. Yes, it is.

Mr. DICKS. Okay. So let us know about that.

Mr. Simpson.

Mr. SIMPSON. Thank you for being here today. I appreciate the job that you are doing. Your five-year plan requires a base funding increase of between 16 and 32 percent.

Mr. CLOUGH. Yes.

#### FUND RAISING BY SMITHSONIAN

Mr. SIMPSON. Tell me about the—while that will not all be federal funding, a portion of it will be, is that an attainable goal? How is your fundraising going during these economic times and contributions to the Smithsonian and so forth during these times?

Mr. CLOUGH. That is a very good question. We are fortunate at the Smithsonian that people love the place and even though there was a point back last December when we wondered if we would meet what we set as a goal before the economy kind of went south, which is \$120 million in private funding for this last year, we ended the year with \$126 million. We were one of the few nonprofits I think in the country that made its goal, in fact exceeded its goal. We had a wonderful array of gifts to help us with a series of issues and to help us do more digitization, more educational outreach, in some cases even in collections to help us there. So we did well this year. Now, can we maintain it? We are actually setting a goal with the regents now that will be even higher than that. We think we need to ramp up what we are doing.

In terms of resourcing the plan, I think the issue there is that we looked at it from the point of view of some flexibility in the goals. As you mentioned, it goes from 16 to 32 percent. So we could do what we need to do if we got a 16 percent increase in total budget but we could do a lot more if we got 32 percent, and some of that depends on how good we are at fundraising. Some of it depends on what we will do in terms of, for example, being more aggressive about getting grants and contracts fulfilled from foundations and even from other government agencies for that matter. So we have a series of ways to do it. Finally, also redirection. We are doing that as we speak at the Smithsonian. We are taking resources that were spent in some areas and we are redirecting them to get the significant plan objectives done, so we will do a certain

amount of redirection to accomplish that. The increase in revenue that we are looking for would be coming from roughly 50 percent on the federal side and 50 percent on the private side, and that differs from our present ratio, which is more like 65/35, 65 federal. We are going to try to become more self-reliant. We are going to work hard to increase our own resources so we can get our work done. We speak to the federal side of it by saying these are the essential things we think the federal government should support. We are open every day of the year but one. We have 30 million visitors. We think that the federal government should support us with revitalization and maintenance money to address this amazing traffic that we get for the Smithsonian.

#### VISITATION INCREASE

Mr. SIMPSON. It is kind of stunning that the amount of traffic increased by six million. What percentage was that?

Mr. CLOUGH. It went from 24 million to 30 million.

Mr. SIMPSON. That is a huge increase at a time when the economy is really—I do not know if it is because the economy is down and people are starting to stay home and learn about America rather than travel abroad and those kinds of things. That is a stunning increase, and even though it might be free to go to the Smithsonian, it still takes money to come here.

Mr. DICKS. And also the exhibits. The new things are really attractive, and it just shows you what you can do if you have a high-quality exhibit that people can go in and interact with.

Mr. CLOUGH. And we are working with the young people before they come to the Smithsonian to use the Web and become educated about what they are going to see. We are working with teachers. We call it the learning journey. And so they can actually work with a curator or one of our guides before they actually get here.

#### NATIONAL MUSEUM OF AFRICAN AMERICAN HISTORY AND CULTURE

Now, I will say one quick thing on the funding side. Some of that new funding relates to the National Museum of African American History and Culture. That is a big job that we have been asked to do and we welcome it. It is a \$500 million proposition. We agreed as an institution to raise half of that and the federal government agreed to put up \$250 million. This past year one of the slight problems was that in our revitalization budget, we had \$125 million allocated to us but we were told to take \$20 million out of that and use it for this new museum and we need, we think, to make that a fairly bright line that we do not want to punish the rest of the Institution to build the new museum.

Mr. DICKS. Is that going to be an issue? There is talk of a Latino museum now. There are a lot of different groups, organizations, et cetera, so the American people would like to see the expansion of the Smithsonian. Are we in danger of expanding so fast that we endanger the rest of the Smithsonian with our funding?

#### NATIONAL MUSEUM OF THE AMERICAN LATINO

Mr. CLOUGH. I think it is and it is something that we all need to think about carefully because none of us want to be in a situa-

tion where we have these wonderful assets and we cannot maintain them. I think we have to be careful about that. I do believe that the plan that was laid out, if we can adhere to it, is a workable plan to get this new museum built, for example, and we appropriately maintain it. The Latino Commission is looking at whether there be such a museum and should the Smithsonian run it, and if so, where should it be located, and so we have made our resources available to them in terms of our expertise to understand what it takes to build a museum but that museum probably is eight to ten years away. It takes a long time to build a museum.

#### DIGITIZING SMITHSONIAN INFORMATION

Mr. SIMPSON. One of the Smithsonian's initiatives is to digitize information on the 100 million-plus items in its collection. Does the Smithsonian have the technology currently to do that?

Mr. CLOUGH. I think we have a lot of the expertise. We do not quite have the staff that we need nor do we have the equipment that we want to use because I have tried to emphasize to our folks, if you look at our plan, it is a five-year plan, this is a massive task when you have 137 million specimens and artifacts and works of art, and it will take years actually to get this done, to get the complete job done. What I want our folks to be thinking about is what will the technology be five years from now in digitization. We do not want to do something that technology five years from now cannot read and use and so we need to think way ahead about where the technology gain will be, and in addition, as opposed to our great friends at the Library of Congress, we have mostly three-dimensional objects to digitize and we want kids when they are looking at some fantastic beetle or something or studying the biodiversity issues, want them to be able to take that image and turn it around, see it in three dimensions, not just see a flat image of it, so our task now is to get out ahead of the technology wave so that when we digitize, we truly have something that is engaging, people use and they can learn from.

Mr. DICKS. Do you have a committee of people like from Microsoft or other great companies, Google, that advise you on where technology is going to be? Because it does change very rapidly.

Mr. CLOUGH. It is changing very rapidly, and we are going to set up a committee but we did last year something we called Smithsonian 2.0. We invited all the folks that were experts on the Web, there were 30 of them that came, mostly young people, who were experts on using the Web and took them back into our collections and we showed them all these wonderful things in the collections and we said how can get these things out, and I attended the read-out session. I heard 30 people tell me 30 very interesting stories about what we should be thinking about doing to engage the young generation that do not read newspapers and use iPhones and so forth.

Mr. DICKS. Do you have somebody that works for you that is an expert on these matters?

Mr. CLOUGH. Absolutely, and we have had two large-scale institutional efforts that have looked at Web access and looked at digitization. So we have an agreement, and as the Inspector General and Mark indicated, getting the Smithsonian to work as a

whole on this, because we want to have the same standards. When the American people come to the Smithsonian, we do not want them to have to go through: What museum am I supposed to go to to get this? If you want to study Teddy Roosevelt, we have things about Teddy Roosevelt in six different museums. We do not want you to have to go through that. We want you to be able to just find it on the Web about Teddy Roosevelt and bingo, you get it all. We aggregate what comes out so everything we have in the Smithsonian about Teddy Roosevelt is in one place for you. And so Web access and making it easy for our visitors is a big challenge for us.

Microsoft has been generous with us. They just gave us a very nice donation of equipment and a beautiful new technology called a surface technology that we will be using in our visitors center, and I visited Google, I visited Cisco. They both are very interested in working with the Smithsonian.

#### PRIVATE SECTOR CONTRIBUTIONS

Mr. SIMPSON. Let me ask just one other question before we let Maurice ask some things. How much of your contributions do you get from the private sector to support the Smithsonian? How much of them are large contributions from major contributors and how much of them are small contributions from American citizens?

Mr. CLOUGH. Well, we get both kinds, and just recently, for example, the Gates Foundation gave us a \$10 million grant for the African American History and Culture Museum. But we do have what we call subscribing memberships and we get a significant amount of funding, not nearly the big funding, but the nice thing about the subscribing memberships is that it is discretionary money. In other words, it allows us to make choices, and the Gates Foundation, wonderful gift, but they told us exactly what to do with it, whereas the subscribing memberships allow us to address problems and move around a little bit, so it may not be a big amount of money but it is money that allows us to move around a little bit and make decisions on our own.

Mr. DICKS. Maurice.

Mr. HINCHEY. Thanks, Mr. Chairman.

Mr. CLOUGH. I should say 2,000 Americans make donations, small donations.

Mr. SIMPSON. Do you find that number goes up or has gone up as we have digitized the collection and made it more widely known to the American citizens?

Mr. CLOUGH. We do not know quite the answer to that yet but we are tracking it because we are just getting very, very serious about this digitization and then making it available to people.

Mr. HINCHEY. Well, thank you very much. I am absolutely fascinated by what you have had to say and the way that you have answered the questions that have been put to you. It just generates more and more respect for you and what you are doing and a deep amount of appreciation. I very much appreciate your insight and the initiatives that you are taking based upon that, and I know that that will have a lot of positive effects on people all across this country. So all of this is very, very important and I am absolutely intrigued by those four things that you put forward with which you

are focusing more than 50 percent of the funding, and I think that so much of the operation that you are engaged in is very entertaining and very interesting but it is also very educational.

Mr. CLOUGH. Yes, it is.

Mr. HINCHEY. And the focus of attention in these four issues is going to I think accelerate that education even more and more, and I think they are critically important. Unlocking the mysteries of the universe, that is fascinating, and understanding and securing a biodiverse planet, all of these things are very critically important politically to this country right now too, and the interaction of this country with other countries around the world is critically important in so many ways and the understanding of the population of all that is American culture also is critically important. I think that what you are doing here is a great contribution to that.

Mr. CLOUGH. Thank you.

Mr. HINCHEY. I wonder if you might be interested in talking a little bit more about that, about any of those points and what you think is going to happen and how that is going to flow out.

#### EDUCATION AND SCIENCE

Mr. CLOUGH. Thank you. Well, first I would like to say thank you for your kind remarks, but I have got some folks with me here and there are another 5,000 at the Smithsonian who make the place work and they are wonderful people. They are passionate about what they do and so I am successful because they are successful, and my job is to make sure they can do their job.

The grand challenges we think, it was an interesting process because we got lots of people together who had never met each other before in many cases. Again, as our IG indicated, we have 1,000 people that work in Cambridge, Massachusetts, on astrophysics and then we have 400 people working in Panama looking at tropical rainforest issues. Our tropical research institute has been there since the construction of the Panama Canal. They work diligently with the Panamanian government today. And we serve the needs of about 2,000 visiting scholars who come to see us because they want to learn how we do biodiversity experimentation and observation. That has been spread around the world, incidentally, in something called the Smithsonian Institution Global Earth Observatory where we have relationships with 30 countries and we observe forests all over the world to look at issues like climate change and these kinds of challenges. So those kind of things are very important.

But bringing these people together was a significant step because they could talk about what they are doing and begin to see how their efforts could be joined in some way, and as the chairman indicated, get more out of it than just the sum of the parts. It would be more than the sum of our parts. And so as we went through this process, it was as if you were focusing a microscope, and maybe that was not a good choice since the Inspector General said we might have lost one. But at any rate, it got sharper and sharper and sharper and so we ended up with these four areas and we are going to operationalize that by creating centers in each one of those areas that will bring together, aggregate the work of our units and our museums and our science centers towards these ends and get

us to focus our funding. The centers will not be large administrative units, they will be very small but they will be facilitating units and so we think we are going to get private funding to help us get started with that. For example, we can take the work of our museums, like the National Portrait Gallery, the American Art Museum, the American History Museum, the National Postal Museum, the new Museum on African American History and Culture, the American Indian Museum, and aggregate those things to talk about what does it mean to be an American, which is becoming ever more important as our country becomes more diverse. What is the glue that makes us stick. And so there are these things like immigration. Many people, except for the first people, immigrated here and were looking for opportunity, and after our folks got here they had to struggle, so social justice, those kinds of things. And technology pervades America. What is it about us that makes us innovative? Understanding these things is very important. We think these are the exciting places to do business that we have not been able to get at before.

#### CLIMATE CHANGE

Mr. HINCHEY. Absolutely. I fully agree with you. I am really excited about what you are doing. Now, you mentioned the climate change and that is something that is critically important to us as well as to you and it is something that really has to be dealt with. I wonder if the interaction that you are talking about with regard to other countries in the context of climate change involves in any way such countries as China and Australia, for example.

Mr. CLOUGH. Yes, it does, particularly China. We have the Smithsonian Global Earth Observatory. We have four of those in China. We also have worked with them with our National Zoo through their panda initiative. We do work for them on habitat protection, and habitat obviously relates to climate change and the issues climate change will bring, which as you know will vary locally considerably, and so we are working closely with China. We work with Australia. We work with Brazil because they have rainforest issues that are different than those in Panama, different kinds of rainforest, and as you know, the earth is a wonderful, largely un-understood mechanism and so we hope we are contributing to better understanding of the big picture that drives the climate change and what its effects will be.

Mr. HINCHEY. Well, I think that contribution is absolutely essential and I hope that you continue to be very successful in that and the other things that you are doing. I appreciate it very much.

Mr. DICKS. And some of the collections they have already help us understand the history of the planet and the changes that have occurred. There have been a lot of times in the past where we have had dramatic changes in climate. We have had a 10,000-year period of time here where it has been relatively stable. That is not a given. And so, you know, there is a lot of history there and also looking into the future is a big thing.

Mr. HINCHEY. Absolutely.

## FORMER SMITHSONIAN BUSINESS VENTURES OFFICE

Mr. DICKS. Let me ask a couple quick ones. The management problems that occurred several years ago at the former Smithsonian Business Ventures were some of the most widely publicized and most alarming. Can you tell us how the Smithsonian enterprises has changed the approaches your institution takes regarding managing moneymaking and corporate business arrangements?

Mr. CLOUGH. Yes. Well, they have been pulled more inside the Smithsonian so they are part of the team in many ways and so, for example, the Regents' oversight committee is now bringing the unit within the oversight of the Regents. They really did not have that oversight before. We have an entirely new staff there. All the leaders from the previous enterprise are gone and so we have new people there who I think are much more attuned to what we need to accomplish as an institution. So there is more oversight, there is more connection. Tom Ott, who is the CEO, if you will, of that unit sits in my cabinet so he is involved with all of the units of the Smithsonian so they are seen as part of the team as opposed to sort of someone outside there operating almost independently.

Mr. DICKS. How significant is this? What kind of dollars are we talking about?

Mr. CLOUGH. Well, they generate in terms of income that comes to the institution that we can use, this past year they generated \$27 million. It is a significant sum of money.

## ROLE OF REGENTS VERSUS ROLE OF SECRETARY

Mr. DICKS. The GAO governance recommendations analysis focuses on the governance role of the regents. Can you help the Committee better understand how you see the role of the regents versus the role that you play at setting policy and managing the Institution?

Mr. CLOUGH. Well, I think it is one of those things where you have to strike a balance and I have to work closely with the chair and the committee chairs of the regents, and fortunately we have I think an excellent set of committed regents at this point, and as you know, Patty Stonesifer from your area, she is now the chair, and Patty and I talk once a week at least or more. In addition, they have nine committees now. They used to have five. They have nine committees and those committees meet regularly. So while the regents as a whole meet four times a year, all nine of those committees are going to meetings on another schedule to make sure business gets done. And then there is an executive committee and I meet monthly with the executive committee, and they stay in touch and we try to stay in sync on these issues. For example, they approve our goals and our measurable goals, like our new strategic plan, we will have a set of goals each year and a set of measurables and we will have a five-year set, and we have software called Share Point so we can enter in our progress on a very regular basis and we share that quarterly with the executive committee as to how we are doing to meet our goals, how we are spending our money, if we are ahead or behind, those kinds of issues. So it is a much more connected process today than it was in the past. And I tell people that the Smithsonian unfortunately had to learn this the hard way.

Most nonprofits, most universities had taken almost all these measures into house and into hand some years back and the Smithsonian just had to get it done this way, which is not the right way and we still have work to do to make sure it has pervaded down to the Institution but we are doing well. Two thousand ten, incidentally, will allow us to add nine new people in the controls and oversight areas and particularly addressing what our Inspector General referred to as personal property management. We will have three new people there. We will have three new people who will look at the travel policies, which we think are now set well, and three new folks who will work in one other area in terms of accountability and oversight.

RELATIONSHIP BETWEEN FEDERAL APPROPRIATIONS AND TRUST  
PORTION OF INSTITUTION

Mr. DICKS. Because you have heard, Mr. Simpson brought it up, there continues to be a lack of understanding on the Hill and I think with the public at large on the relationship between the federal appropriations side of the Institution and the trust side. Can you please discuss how the trust works with the federal side and how the budgets and personnel work together and what additional things should this Committee know about this relationship?

Mr. CLOUGH. Well, our trust funding comes from a number of sources, and philanthropy would be one of those, our \$127 million. Now, that is not all cash that you spend. A lot of those gifts are in endowments and they mature over time. The Smithsonian Enterprise's \$27 million comes into this trust fund. We do work for organizations like NASA and Department of Education where we offer our services to do things for them to get things done they cannot do. We operate, for example, two orbiting telescopes in space—the Chandra is one of those that we operate with NASA—and for them as a contractor and that kind of funding goes in what we call the trust budget so it is separate from appropriations basically, anything that is separate. The revenues from our stores and so forth are separate from it. Those are used in different ways to make the Institution operate. For example, if we do work with NASA, we have specified things that we have to do for NASA and for the payment for the services that we provide and so that is not funding that we can use at large at the Institution. So it is a little bit like a university, Mr. Chairman, in a way where they have a private funding side and then they have a state funding side where you have a state institution. I would say that for the federal government as I see its obligation from my perspective, one of those places would be again is where we provide a service, and that a service is typically not something that a donor or a business enterprise would support, and a good example of that is being open every day of the year but one and having 30 million visitors, and I think the federal government has an obligation to help us with support of our collections, support of the people that support the collections and maintenance of the buildings and revitalization of those buildings. Those would be examples of where I think the federal government should support the Smithsonian to do that kind of work.

And then there are certain places where we will try to enhance. I like to tell people we are a leverage organization. When you provide us with dollars, where it is appropriate, and it has to stay on mission, we want to leverage those dollars to enhance the effect of those. And for example, all of our exhibits are supported by private funds even though the people that work in them may be federally funded but to actually hang those pictures on the wall or put those exhibits up and get the appropriate nomenclature and get it on the Web, that is all a private donation process.

Mr. DICKS. It is.

Mr. CLOUGH. It is.

Mr. DICKS. All right. Mr. Simpson.

#### MILITARY UNIFORMS COLLECTIONS

Mr. SIMPSON. Just a couple other things. One is preservation of the collections. We have a Member of Congress who wanted to be here and give some opening testimony, not a member of this Subcommittee. Chairman Dicks was graciously going to allow him to, do that but then he could not make it at the last minute but he is very interested in the military uniforms collection. As you know, some extra money went in to collections care because of his insistence that we address that. Could you tell me where that is and what is going to happen with that?

Mr. CLOUGH. Well, I had the pleasant opportunity last night to meet him and his wife at a Christmas party, a holiday party, and we had a little discussion. Obviously he is very interested in military history of this country as we all should be and the Smithsonian clearly needs to represent that part of our history well. He did I think suggest that those funds come for the military collection. They do need help and we are grateful but this committee I think wisely said let us think of it more broadly and so you provided us with \$2 million more for collections care, part of which will be used certainly to address the issues associated with the military uniform collection. So it is going to good use and it is taking care of that particular problem as well as others.

Mr. SIMPSON. I also appreciate the fact that you recognized the rest of your staff and the people who do the work at the Smithsonian. As anyone knows, whether you are a Member of Congress or Secretary of the Smithsonian, you are only as good as the people behind you and you do have some great people that work for you. They did a great job in keeping us, the Committee, informed and the staff and so forth. So we appreciate that and the people that work for you and the job that they do.

Mr. CLOUGH. Thank you. Well, I am very, very lucky. I can tell you, one of the things I have learned is how passionate the people are and how hardworking they are and how much they love their jobs.

Mr. DICKS. Mr. Hinchey.

#### SMITHSONIAN AND GAO INTERACTION

Mr. HINCHEY. I do not think I have any more questions, but maybe one about GAO and how the interaction is going, how positive it is and how effective it is. Perhaps you want to say something about that.

Mr. CLOUGH. I think that Mark characterized that correctly. I think obviously we need to learn as an organization and we need to have outside entities and others tell us in areas where we may have become too ingrained to actually see where there is a problem. I think evaluating progress is a good thing where we can get a sort of report card. I am able to tell you we put in policies and procedures and we are doing these things but are we actually doing them? That is another question, and I think we need to be appropriately evaluated on that. We need to be open and accountable and so we welcome their participation with us.

Mr. HINCHEY. Well, I thank you very much.

Mr. Chairman, thank you for this hearing. I very much appreciate your being here, Mr. Secretary.

Mr. CLOUGH. Thank you. My pleasure.

Mr. DICKS. Well, again, thank you for the job you are doing. I think the difference in approach and attitude is very obvious and we are just glad the Smithsonian is in good hands and that you are enjoying this job and out there trying to make it a better place. We are going to support you in that.

Mr. CLOUGH. Thank you very much, and we certainly appreciate the support that you have given us. The budget was a very strong budget in fiscal year 2010. We could not be more grateful. I have an old friend that used to say—the fellow who is known as Father of Silicon Valley—give me a little more than my fair share and you will never regret it.

Mr. DICKS. We will remember that.

**Questions from Chairman Dicks**

## GOVERNANCE AND MANAGEMENT: GENERAL QUESTIONS

- 1. Mr. Goldstein, we appreciate the GAO work on Smithsonian management. As you know, this Committee was very concerned about the management lapses of the previous Smithsonian leadership. We acted to get their attention and see that reforms would be implemented. What do you think were some of the largest problems that resulted from the governance lapses the Smithsonian experienced?**

**GAO Response:** As we pointed out in prior work (GAO-08-632), both the Smithsonian's Governance Committee and the Independent Review Committee (IRC) studies of the Smithsonian's governance published in June 2007 highlighted some of the largest problems resulting from the governance lapses the Smithsonian experienced:

- Inadequate policies in place and insufficient oversight of and knowledge among regents concerning executive compensation, trust and federal pay systems, leave for senior executives, conflicts of interest regarding service on for-profit boards, travel expenses, event expenses, activities of Smithsonian Business Ventures, and internal financial controls;
- A lack of critical information and relationships necessary to bring forward important issues and concerns and to support vigorous deliberation and well-reasoned decision making on the part of the Board of Regents (Board)—for example, Smithsonian senior management lacking access to the Board, too much control within the Secretary's office regarding the information available to the Board and the Board's agenda, and a lack of transparency and connection to stakeholders within the Smithsonian (such as museum directors and advisory boards) and to the public at large; and
- IRC's finding that there was insufficient action on the part of the Board to demand critical information needed to conduct adequate oversight of the Smithsonian. This problem was linked to a number of issues, such as unclear roles and expectations for citizen, congressional, and ex-officio regents; a lack of engagement and participation by some regents; unclear responsibilities of Board committees and a lack of certain critical committees such as a fundraising committee; a lack of diversity of skills and expertise needed to conduct adequate oversight; inflexible size and structure of the Board; and a lack of accountability of regents with regard to their performance and to fulfilling their fiduciary duties.

- 2. Mr. Goldstein, you indicate that the Smithsonian has made some progress, but never-the-less, it still has a number of management challenges that have persisted over many years. What do you think are the top two or three management and governance problems which have persisted?**

**GAO Response:** As we stated in response to the previous question, most of the governance problems faced by the Smithsonian fell into three broad categories: Inadequate policies and procedures on such issues as compensation and travel, expense reimbursement; a lack of direct communication between the Board of Regents and stakeholders such as senior management and the advisory boards to ensure that the Board of Regents received information critical to effective governance; and issues related to the regents' roles and responsibilities and the Board of Regents' structure. In our recent work on the Smithsonian's implementation of governance reforms (GAO-10-190R), we assessed the extent to which the Smithsonian implemented governance reforms recommended by its Governance Committee and GAO related to these issues, but it is too soon to know the extent to which these efforts have improved the Smithsonian's governance.

- 3. Mr. Goldstein, of the governance reforms which the Smithsonian has implemented, which aspects do you think are the most important at helping ensure sound, overall institution management?**

**GAO Response:** It is our hope that all of the reforms that the Smithsonian has implemented will play an important role in improving the governance and management of the Smithsonian. The Smithsonian has implemented 39 of the 42 reforms recommended by its Governance Committee, including 8 reforms related to executive and ethics reforms, 1 reform related to executive travel policies, 3 reforms related to policies on broader Smithsonian operations, 8 reforms related to the access

of senior officials to the Board and level of information available to the Board, 5 related to transparency, 2 related to communication and stakeholder relationships, 5 related to roles and responsibilities of the Board or regents, 6 related to the Board's structure and composition, and 1 related to developing a regents' assessment process. The Smithsonian also implemented GAO's recommendation to evaluate what actions it can take in the event of persistent neglect of duties by a regent.

**4. Mr. Goldstein, of the governance reforms which still are not fully implemented, which do you think are the most important and urgent for the Institution to work on?**

**GAO Response:** While we are not in a position to prioritize the importance of the governance reforms that the Smithsonian has not yet fully implemented, we would point out that of the 46 reforms and recommendations we examined, 6 remain unimplemented. Specifically, of 42 governance reforms recommended by the Smithsonian Board of Regents Governance Committee, 3 have not yet been implemented; of 4 GAO recommendations, 3 have not yet been implemented. We think that it is important that the Smithsonian continue to work on fully implementing all 6 of these unimplemented reforms and recommendations. These reforms and recommendations are related to the Smithsonian's contracting policy, a comprehensive review of financial reporting and internal controls, enhancing the role of advisory boards (one Governance Committee reform and a related GAO recommendation), a policy on the use of nonregents on Board of Regents committees, and a comprehensive evaluation of the Board of Regents' reforms.

**5. Mr. Goldstein, which of the incomplete reforms and GAO recommendations do you think this subcommittee should address through the appropriations process?**

**GAO Response:** Although we have not assessed the Smithsonian's funding needs related to implementing governance reforms and recommendations, our prior finding that as of September 2007, the Smithsonian's cost estimate for facilities projects had increased to \$2.5 billion through fiscal year 2013 clearly has ongoing funding implications. In addition, we reported that both the Smithsonian Chief Financial Officer (CFO) and members of the Board of Regents Audit and Review Committee expressed a need for increased staffing and other resources to effectively execute the Smithsonian's plan to improve internal controls. According to Smithsonian officials, the Smithsonian received funding in fiscal years 2009 and 2010 to improve internal controls. We did not evaluate the Smithsonian's need for resources in this area.

**6. Mr. Goldstein, as you know, this Committee has had concerns about the Smithsonian's ability to prioritize among its many different scientific, cultural, educational, and visitor services. Do you get a sense that there is capability at the Institution's headquarters to prioritize among the many competing needs?**

**GAO Response:** We have not assessed the Smithsonian's ability to prioritize among its different mission-related services and needs.

**7. Mr. Goldstein, your testimony repeatedly deals with the different roles that the Regents and the Smithsonian's Secretary play at providing policy and management for the Institution. What do you think are some of the key aspects that differentiate the Regents role from that of the Secretary's office and the various museum leaders?**

**GAO Response:** As we state in our recently issued report (GAO-10-190R), according to Smithsonian officials, generally, the Board of Regents is responsible for setting Smithsonian policies and the Smithsonian Secretary is responsible for implementing those policies.

**8. While the Smithsonian seems to have turned the corner on some management issues, it still is engaged in several large expansions. For instance, the Congressionally mandated National Museum for African American History and Culture will be a major new facility that will be placed right near the Washington Monument in a critical Mall location. Given your examination of the Smithsonian's management, do you think the Institution is able to provide the careful oversight of such a major and critical capital project?**

**GAO Response:** We have not assessed the Smithsonian's ability to provide effective oversight of major capital projects.

## FACILITIES CONDITION AND DEFERRED MAINTENANCE BACKLOG

- 9. Mr. Goldstein, I know that the GAO has not looked carefully at Smithsonian facilities for the past two years, but I want to get a sense of your impression of how they are managing the facilities funding they do get. Do you think the Smithsonian now has a decent, long-range plan for its many varied facilities?**

**GAO Response:** We have not assessed the Smithsonian's long-range capital plan or facilities management since 2007. However, in 2007, we found that the Smithsonian's capital planning process incorporated many capital planning principles as defined by our prior work and the Office of Management and Budget. We also found that the Smithsonian's capital planning decision-making process was guided by a comprehensive assessment of facilities' conditions and needs and the identification of performance gaps between current and needed capabilities. We found that the Smithsonian's capital planning efforts included a review and approval framework with established criteria for selecting capital investments and a long-term capital investment plan. Furthermore, we found that each year, the central Smithsonian facilities group worked with the museums and other facilities groups to develop an annual list of new and previously submitted projects, which were prioritized for inclusion in the annual 5-year capital plan using a prioritization matrix.

- 10. You have indicated that there is a maintenance backlog of well over \$2 billion. Can you give the Committee a sense of where the largest portions of this backlog exist?**

**GAO Response:** Based on work we did for our 2007 report (GAO-07-1127), the Smithsonian's then-estimate of \$2.5 billion in facilities projects for fiscal years 2005 through 2013—which included revitalization, construction, and maintenance projects—included several main categories of work. The Smithsonian's estimated revitalization and new construction costs were driven in part by the need to modernize or add systems, such as fire detection and alarm and security systems, and to comply with newer life safety code requirements, such as those for handicapped accessibility to buildings and restrooms. Maintenance costs included staff costs, minor repair and maintenance projects, and other contracts, supplies, materials, and equipment for Smithsonian's maintenance program. In addition, we found that the Smithsonian's cost estimate for facilities projects through fiscal year 2013 had increased from about \$2.3 billion in April 2005 to about \$2.5 billion as of March 2007, and that this increase was due to several factors, according to Smithsonian officials. For example, Smithsonian officials said that major increases had occurred in projects for the National Zoo and the Museum of American History because the two facilities had recently developed master plans that identified additional requirements. In addition, according to Smithsonian officials, estimates for antiterrorism projects had increased due to adjustments for higher costs for security-related projects at the Air and Space Museum. According to Smithsonian officials, the increase also reflected the effect of delaying corrective work in terms of additional damage and escalation in construction costs. We have not done the work to update this information since 2007.

- 11. Of the large facilities maintenance backlog, how much of it is urgent for protecting safety and for protecting the collections? Are there still significant security concerns?**

**GAO Response:** We have not done sufficient work to answer this question.

- 12. Previous reviews of the conditions of the Smithsonian's priceless collections indicated that there are some serious lapses in the ability of the Smithsonian to protect these items for the long haul. Do you think there are particular facilities which this Committee should be particularly concerned about?**

**GAO Response:** We have not done sufficient work to answer this question.

## Chairman Dicks Questions for the Inspector General

## MANAGEMENT CONTROL

- 1. Ms. Ryan, I want to thank you for your work at the Smithsonian, which I think has been important at identifying previous governance lapses at the Smithsonian, and offering constructive recommendations for change. Your testimony stresses the importance of management control. The**

**Smithsonian, with 19 separate museums, a major zoo, and numerous other scientific and cultural responsibilities, is quite a diverse beast. This is further complicated by the hybrid nature of its Federal and its Trust funding and management structure. How do you think the Institution's headquarters should increase its control while not overly interfering with the diverse missions of the various museums?**

**IG Response:** Sustaining a sense of freedom and entrepreneurship is essential to a creative institution like the Smithsonian. Vigorous management control need not threaten these values. The Smithsonian should strive to have systems of management control that emphasize accountability at all levels; clear policy guidance that is kept current; meaningful training; and quality assurance efforts to test effectiveness of the controls. The Institution should further standardize major administrative processes across the board. Currently, some individuals who handle these transactions do so only part-time and their expertise, training and supervision are minimal. The Institution needs to provide better training and resources for administrative staff in budgeting, accounting, asset and inventory management, payroll, travel, and similar areas. Taking these steps will not threaten the diverse missions of the Institution but rather will provide more accurate and timely information that in turn will lead to better decision-making.

**2. Ms. Ryan, given your concern for increased management control, do you think this is an issue for the Regents to deal with, or is it primarily an issue for the Secretary and individual museum leaders?**

**IG Response:** This responsibility lies with everyone at the Institution. The Secretary must lead, setting the tone at the top, communicating expectations, and holding everyone at the Smithsonian accountable. The Regents also have a role by setting overall policy and rigorously scrutinizing management decisions. Executives and unit heads should adhere to and enforce controls. And all employees should understand and embrace the controls.

**3. Ms. Ryan, one of your major themes is the need for better financial discipline. Do you think the Institution's headquarters and leadership has the ability and the interest to implement and use financial systems in annual and every day decision making?**

**IG Response:** Smithsonian leaders have expressed a strong commitment to improving financial systems to enhance day-to-day operations. In our work on such topics as project management, inventory control, and budgeting and accounting we have found that managers uniformly seek more, and more accurate and timely, information. However, they do not always use ERP (the Institution's financial system) as fully as they could. And we continue to be concerned about the slow implementation of the final modules of the ERP, which will be essential to the success of mission-critical initiatives. We are hopeful that a new project costing system, for example, will provide reliable, timely information to better manage capital and other projects. We are also hopeful that the Institution will use the financial system in implementing the goals of its new strategic plan.

**4. Ms. Ryan, there continues to be a bit of confusion among the public, and here on the Hill, of the different roles of the Federal appropriations, and the Trust funding at the Smithsonian. I think this confusion existed in the Smithsonian castle in the past as well, leading to the major governance lapses of the previous Secretary. Do you think the Smithsonian leadership and employees have a clear picture of how this hybrid organization should operate?**

**IG Response:** I believe the new strategic plan, which represents not only the vision of the Secretary but of multiple stakeholders throughout the Institution, is a significant step towards redefining a unified Smithsonian.

**5. Do you think the Smithsonian leadership should be more transparent with the Hill and the public on how the Federal and the trust areas of the Institution interact?**

**IG Response:** More transparency is always better. In addition to providing more information to Congress, I believe the Institution could do a better job of explaining the various funding sources and how they are used in supporting the Institution's mission.

**6. Ms. Ryan, you mentioned that the Institution needs to have careful review and control of its major capital projects. Given the continuing ex-**

**pansion of the Smithsonian, do you think the headquarters has the ability to provide sufficient oversight of these capital projects?**

**IG Response:** Our recent audit work has shown that the Institution has significantly improved oversight of capital projects. The Smithsonian can further step up its oversight by implementing the improvements it agreed to in response to our recent report on funding for capital projects. Clarification of authority and accountability over funding decisions, expanded training for financial decision-makers and accountants, revised and updated financial policies, and enhanced quality assurance are essential. Finally, an integrated financial system (such as the yet-to-be implemented costing module in the ERP) will let financial and accounting staff focus on oversight, not merely on inputting data.

**7. Ms. Ryan, another theme is your concern for how the Smithsonian uses its funds. You discussed a situation in which dispersed responsibility for how funds are used means that there is no accountability for errors. Do you think this situation is due to a leadership lapse or from insufficient or ineffective guidance from the budget division?**

**IG Response:** In part, this situation stems from insufficient policy and guidance. Policy and guidance should express the values and expectations of the organization. The preference for loosely worded financial policy, ambiguous in its intent, contributed to dispersed responsibility for funding decisions and the resulting accounting errors. In addition, central office management did not take responsibility for overseeing the units, and the units, in turn, resist any centralized oversight. Improved guidance will tighten control of funds and accounting practices. Both central leadership and unit management must agree on the need for greater accountability and oversight.

**8. Ms. Ryan, a continuing theme I find when looking at the Smithsonian is the need for central oversight. You mentioned that there are various management inconsistencies that result from decentralization. What do you think are the main obstacles for the Institution to providing better oversight and increased accountability, while still allowing and encouraging the diverse missions to be accomplished?**

**IG Response:** One big obstacle, as I mentioned in my testimony, is the resistance by the various units to central controls. Another important obstacle thwarting improved oversight and increased accountability is the lack of clearly defined authority for ensuring proper implementation of management control. In our work, we have found that key functional leaders either lack the authority to enforce procedures or are reluctant to do so. Similarly, we have found examples of obsolete policies that assigned responsibility for management control functions to outdated positions. The Smithsonian is, however, addressing these issues. In particular, the Institution is hiring a consultant to help examine the existing organizational and leadership structure. The study should be completed within the next year. Our office will monitor any changes that result, and we hope they will improve accountability and oversight while also promoting the core missions of the Smithsonian. And we will continue to press for timely policies, training, and communication of the authority of and expectations for all employees.

CROSS-UNIT INITIATIVES

**9. Ms. Ryan, you have stressed the need for more cross-unit initiatives for the Institution to enhance management and control of its many autonomous units. What specific kinds of cross-unit policies, practices or programs do you think are most urgently needed? What role do you think this Committee should play at encouraging and enhancing such cross-unit approaches?**

**IG Response:** Management controls over such functions as use of funds, property management, accounting, information technology and information security, and physical security are common to all Smithsonian units. A unified approach to such functions will serve the goals of the Institution. Consistent implementation of controls can only be realized through a firm commitment to do so by the Secretary and Under Secretaries, in cooperation with the units, through policies and other communications that set forth clear expectations, and through enforcement of the rules. The Committee could help advance such initiatives through continued oversight and through continued budget support for stronger pan-institutional administration, training, and information technology initiatives.

10. **Ms. Ryan, have you had a chance to look at the Institution's Information Technology applications? It seems to me that IT needs are more and more important these days, and that common, cross-unit IT structures can help force inter-unit coordination and compatibility. And, cross-unit IT systems are needed for better central management controls, as well as for efficient use of funds. What is going on with IT at the Smithsonian?**

**IG Response:** Under the Federal Information Security Management Act (FISMA), which requires us to test controls that safeguard information and systems, we annually evaluate the effectiveness of selected Institution information security policies, procedures, and practices. There are several important Institution-wide IT systems that help support the missions, such as for timekeeping, travel, and certain financial functions under the ERP system. Unfortunately, as I noted in my written testimony, not all modules of the ERP have been implemented, and they will not be for a few more years. More needs to be done. For example, this is another area where authority is dispersed; the Chief Information Officer may lack the authority necessary to improve intra-unit cooperation. I hope that the study I mention in my answer to question 8 will also help address this issue.

MANAGEMENT CONTROLS OVER CARE OF THE COLLECTIONS

11. **Ms. Ryan, your testimony mentions that there have been concerns from your office and from the Smithsonian's Office of Policy and Analysis that the collections may be at risk of theft or deterioration. My subcommittee provided a small funding bump-up in the last appropriations bill for collections management. Do you think that the Smithsonian has a decent handle on the condition of its collections and the needs for its protection and use?**

**IG Response:** The Smithsonian does seem to understand the challenges of properly maintaining its collections. Unfortunately, the condition of the collections is an enduring problem: it stems from their vastness, age, and continual growth. It also results from the long-term and persistent decline in resources available for collections stewardship, caused to a great degree by the base erosion in funding that comes from the need to address mandated increases in other areas.

The Smithsonian recently began a pan-Institutional survey of collections stewardship, which will serve as a critical tool to assess the condition of the collections. Our preliminary work on the state of the collections at the National Museum of American History indicates that NMAH officials are using the tool to profile collection conditions candidly and comprehensively. We will continue to study the refinement of this assessment tool at NMAH and at other collecting units of the Smithsonian and plant to focus more of our audit work on stewardship of the collections. We will keep the Committee apprised of our findings.

12. **Given the large backlog in deferred maintenance at the Smithsonian, do you think the Institution has the ability to prioritize among the many varied demands and the very different kinds of collections and research needs?**

**IG Response:** The Office of Facilities Engineering and Operations does produce a comprehensive, prioritized list of maintenance needs; problems arise when breakdowns or other events occur that could compromise safety (of the collections, staff, or visitors) that demand a reordering of priorities. In terms of maintenance versus programmatic needs, I think the Institution's new strategic plan would be the best gauge against which to measure the Institution's progress in addressing the perennial balancing it must do between the core missions (e.g., research and exhibits) and those aspects that support the core mission (infrastructure and administration).

13. **Ms. Ryan, you have had a chance to visit most of the Smithsonian's museums and research facilities. Can you give the Committee a sense for where you think the collections managers have done a good job, and where there are larger challenges?**

**Response:** In our recent audit work at the National Air and Space Museum (NASM), while we found some issues regarding security devices, we also determined that the collections managers were able to promptly locate all items we sought and overall maintain good stewardship of the NASM collections. We have not done extensive audit work recently on other collections. However, it is clear that with the bigger ones, such as at the National Museum of Natural History and the National Museum of American History—where we recently started an audit of collections

stewardship—there are numerous challenges. In addition to incomplete inventory records and accession backlogs, there are serious concerns about storage space, storage conditions, and environmental hazards ranging from asbestos contamination to insufficient humidity controls. These problems are long-standing and cumulative and require a significant investment of resources to address. As I noted in my answer to question 11, the Institution is taking steps to address them, such as through the development of the collections assessment tool, and your committee's generous \$2 million addition to the FY 2010 budget for collections will also help. And as I mentioned earlier, we are increasingly focusing our audit work on collections stewardship. We will keep you informed our findings.

**14. Your report indicated that \$12 million in personal property cannot be accounted for. Does this mean these items were pilfered? Do you know what the amount of non-accountable property is per year? How does this compare with other federal agencies and institutions?**

**IG Response:** In our audit of personal property accountability, we deliberately chose to use the word “missing” to describe the personal property that the Institution cannot account for because we do not know, and the Institution does not know, what happened to the items. They may have been misplaced, they may have been discarded, they may have been pilfered—there is no way to know because until recently, the Institution had such poor recordkeeping and little accountability. I would also note that there is a significant amount of what is called “nonaccountable” personal property, such as office and maintenance supplies, which we did not cover in our audit because we considered them relatively low risk and low cost. Accordingly, we did not (and could not) determine the overall value of missing property at the Smithsonian.

In the last couple of years, the value of personal property the Institution has found missing has declined significantly, to about 1 percent (\$1.1 million) of assets inventoried, compared to a 2006 value of about 5 percent (\$7.2 million) of assets inventoried. (These inventories covered one-third of the Institution.) As for other federal entities, public reports indicate the Indian Health Services identified a minimum of \$15.8 million in lost or stolen property from 2004–2007; the Department of Veterans Affairs was missing over \$26 million in IT equipment in 2008; and NASA reported to GAO in 2007 that it had lost over \$94 million in equipment over the previous 10 years. Obviously, the Smithsonian is not the only entity facing this challenge; GAO cites property acquisition and management in its 2009 High Risk List for the federal government.

**Chairman Dicks Additional Questions for Secretary Wayne Clough**

GOVERNANCE AND MANAGEMENT: GENERAL QUESTIONS

**1. Dr. Clough, I very much appreciate you coming today. As we discussed previously, you know that this Committee had major problems with the governance and ethical lapses of the previous Secretary. I understand that the Institution has been diligent at implementing many of the reforms recommended by the Independent Review Committee and the Regents Governance Committee. Of the reforms that you have implemented, which do you think are the most important to enhance the management of the Institution?**

**Response:** The increased attention that the Institution has paid to governance and accountability in the last few years has had a number of positive effects. We believe that it has reassured the American people that their resources are being used wisely and in a way that is in keeping with our status as a public trust. Secondly, it has provided us an opportunity to revisit a number of policies and practices and ensure that they reflect best practices in the federal and nonprofit sectors. Overall, the most important reform probably has been that we are now more consistent in providing a strong tone of accountability at the top, in explaining the rationale behind new regulations and policies, and in continually emphasizing the importance of individual responsibility for carrying out the Institution's mission in a fiscally prudent and ethical manner.

**2. The GAO indicates that some reforms have not been implemented. I am curious about your response to the GAO concern that the Board of Regents needs to have two-way communication with the various advisory boards. The GAO implies that the Regents may lack sufficient understanding of particular museums to govern effectively. Do you agree that**

**the Regents may have insufficient knowledge of museums? What is your office doing to enhance the Regents abilities?**

**Response:** As part of their governance reforms, the Regents look to the over 30 advisory boards to help them learn about operations at the museum or research center level. Over the past two years, the Regents have implemented a variety of methods to promote communications with the advisory boards and strengthen their partnership with them. Those steps, we believe, have greatly enhanced the Regents' understanding of the issues facing individual units. The Regents and I recognize, however, that good governance requires us to assess our progress regularly and reset goals to ensure we employ the best practices in non-profit governance. This includes continually improving communications between the Regents and the advisory boards. I would also point out that a number of the Regents serve on some of these advisory boards and a number of advisory board members have been added to Regents committees as well.

In light of the guidance provided by GAO in its December 10, 2009 report, my office will support efforts by the Regents to codify ways to further facilitate two-way communications between the Regents and advisory board chairs. Patty Stonesifer, the Chair of the Board of Regents, already sends quarterly reports to the advisory board chairs and meets personally with many of them to discuss issues facing their respective museums or research centers. Ms. Stonesifer and I will continue to hold an annual meeting with the chairs; next April, our agenda will focus on the launch of the national campaign.

The Regents employ many other tools to learn about the needs of the various Smithsonian museums, research centers and programs. Ms. Stonesifer meets routinely with my direct reports museum directors and other senior staff. The agenda for each Regents' meeting includes the opportunity for the Under Secretaries to present information on new acquisitions, programs and discoveries. The Regents' orientation manual was recently revised and now includes extensive information on all aspects of our operations. My office is keenly aware, however, that our role is to promote opportunities for independent and unfiltered communication between the Regents and the advisory board members, and not manage the content of that dialogue.

**3. I am concerned that the GAO has indicated that the reform recommendation concerning contracting policy has not been implemented yet. Isn't it very important for you to have clear, written agency-specific policies and procedures that all of your museums and program must follow?**

**Response:** It is very important to us that written uniform contracting policies and procedures are available and accessible to all SI employees. Pursuant to the Regents' Governance Recommendation 25, the SI wide contracting policy, Smithsonian Directive 314 (SD 314), was issued in June 2008. During the development of SD 314 it was determined that the most effective manner to implement the policies cited therein would be through an accompanying manual to address the various types of procurement and contracting activity. Work to establish the Procurement and Contracting Procedures Manual (PCPM) involves extensive SI stakeholder input and contracted assistance to ensure current processes and industry best practices are reviewed. All existing and examined practices pertinent to SI contracting will be incorporated into one or more of the seven parts of the PCPM, each addressing particular types of SI contracting activities or management oversight of SI contracting. The time it is taking us to develop the PCPM is not unusual considering the breadth of information we need to cover for it to be helpful to SI staff. Throughout the development of the PCPM SI staff have continued to have access to advice and existing or newly established guidance relevant to their procurement and contracting activities. All parts of the PCPM are on track to be completed during calendar year 2010.

**4. The management problems that occurred several years ago at the former Smithsonian Business Ventures were some of the most widely publicized and most alarming. Can you tell us how the Smithsonian Enterprises has changed the approaches your Institution takes regarding managing money-making and corporate business arrangements?**

**Response:** Since the issuance of the Task Force report on Smithsonian Business Ventures (now Smithsonian Enterprises) in January of 2008, we undertook a significant and comprehensive restructuring of this business unit and we now have an entirely new administrative team. The results of this restructuring have been extremely positive. The changes to Smithsonian Enterprises (SE) included recruiting new leadership in the key positions of the unit, focusing on transparency and accountability, and realigning of emphasis not only on revenue-generation, but also

support of the mission of the Institution as well. Key to the success that the unit has enjoyed for the past two years have been the positive strides made in governance issues, transparency and communication.

Governance:

- All open Inspector General comments specific to Smithsonian Enterprises were addressed and closed as of March 31, 2009. Open Audit comments are reviewed with the Regents' Audit & Review Committee.
- Quarterly compliance reviews of SE travel and purchase card activity have been implemented to ensure these areas are controlled and comply with Smithsonian policy. SE's compliance reports are issued to the Smithsonian Institution's CFO.
- A full scope audit by an independent audit firm (KPMG) has been in place for Smithsonian Enterprises since fiscal year 2008. No material weaknesses or deficiencies were identified in fiscal year 2008. Currently a KPMG audit of SE is in process for fiscal year 2009. SE's audit findings from KPMG are reviewed directly with the Regents' Audit & Review Committee.
- As part of the Regents' Governance recommendation #23, an assessment was conducted of SE's internal control environment by Booz Allen and senior SI representatives resulting in a "green" or low risk scoring.
- As part of Regents' Governance recommendation #20, a complete review of all 112 existing SI policies was performed by a joint SE and SI team with the goal of determining SE's compliance. The determination was that SE was in compliance with all but three existing policies relating to existing financial systems previously approved and in use by SE. An exception was subsequently approved by the Smithsonian Secretary for each of these policies. Additionally, SE's separately approved travel policy was retired and SE adopted the Smithsonian's travel policy.
- As part of Regents' Governance recommendation #25, SE executives are participating on a pan-Institutional team currently drafting procedures specific to Revenue Generating Contract procedures.
- As part of Regents' Governance recommendation #24, SE has fully synchronized and is in compliance with the Institution's Unified Compensation policy. SE's senior employee compensation is submitted directly to the Smithsonian's Office of Human Resources which reviews it directly with the Regents' Compensation Committee.
- As part of Regents' Governance recommendation #22, SE's annual budget processes are now synchronized with the Smithsonian's budget planning schedule for the Regents. The SE President presents the annual budget to the Regents' Finance Committee for review and approval.

Communication and Transparency:

- Senior SI representatives attend monthly operating reviews for each SE division.
- The SE CFO holds a monthly meeting with the SI CFO to review SE financial performance, budgets and other relevant controllership or compliance items.
- Quarterly financial reviews are held between SE, SI and museum personnel on the health of individual museum retail operations.
- Quarterly meetings with SE senior leadership and the Institution's Strategic Advisory Committee (SAC) are held to review strategic and tactical initiatives. The SAC is comprised of senior leadership across several SI disciplines and serves as a sounding board for SE management.
- An annual review with senior Smithsonian leadership and museum directors is held to benchmark SE performance and cost structures and review the new SE annual budget and financial performance.
- The president of SE reports directly to the Secretary, not to an independent board of directors as was previously done. As such, the president meets with the Secretary and his cabinet weekly, as well as other regularly scheduled update meetings with the Secretary.

In summary, significant reforms have been implemented to improve governance of Smithsonian Enterprises' operations and business activities.

REGENTS ROLE IN GOVERNANCE

5. **The GAO governance recommendation analysis focuses on the governance role of the Regents. Can you help the Committee better understand how you see the role of the Regents versus the role that you play at setting policy and managing the Institution?**

**Response:** Over the past two years and guided by the best practices in non-profit governance, the relationship between the Regents and Secretary has evolved into a strong constructive partnership. The Regents, pursuant to the statutes establishing the Smithsonian, possess the legal responsibility for the governance of the Institution—organizational oversight and policy setting, while delegating to the Secretary responsibility for managing operations and resources.

The benefits of this constructive partnership were particularly evident in the development of the Smithsonian's strategic plan. The Regents actively provided guidance on (and eventually approved) the plan's directions and then delegated to the Secretary the primary responsibility for its successful implementation. The Secretary is currently developing metrics to measure the progress of the plan against its goals and the Regents are committed to supporting the Smithsonian's efforts to ensure its success.

Another example of the partnership in action is the development of the Smithsonian's contracting policy. The Regents adopted a governance reform (#25) requiring that Smithsonian contracting practices promote integrity, fairness, and openness and delegated to the Secretary responsibility for the creation of a policy that reflected their guidance. As the GAO noted, the new contracting policy reflects the Regents' direction and we have made significant progress in completing handbooks and other materials that will complete the implementation of the policy.

**6. The one GAO-generated recommendation that the Institution has not implemented deals with a report to the Congress and to the OMB concerning an overall funding strategy for the Institution. Why has that not happened? What are you planning to do in this regard?**

**Response:** In 2007 GAO recommended that the Smithsonian comprehensively analyze funding options and report to Congress and OMB on a funding strategy to meet the needs of its revitalization, construction and maintenance projects. Since then, we have identified and reviewed several mechanisms to increase private funding, including a gift "maintenance" fee, special exhibition fees, energy savings performance contracts, public/private partnerships and public collection boxes. With the exception of the gift maintenance fee, all of these ideas have been implemented but have generated only minimal additional income. In addition, we are in the planning stages of a major national fund raising campaign which will be designed to raise funds to support the Institution in achieving the goals of our recently approved strategic plan, "Inspiring Generations Through Knowledge and Discovery." The campaign will raise funds for a number of priorities, including revitalized exhibition space, new programs and exhibits, endowed positions, and new facilities, such as the National Museum of African American History and Culture. Despite the recent economic downturn, our donors remain committed to the Institution, as evidenced by the fact that we not only met but exceeded our overall fiscal year 2009 fund raising target of \$120 million, with a year-end result of \$127 million. The new strategic plan will help us sustain and increase donor support. We will brief our stakeholders in the Administration and Congress when our planning for the National Campaign is complete. We have also formed an internal team of creative thinkers to come up with more ideas to increase non-federal revenue and will be exploring those ideas in depth in the coming months.

SMITHSONIAN TRUST FUNDS

**7. Dr. Clough, as you have heard, there continues to be a lack of understanding here on the Hill, and I think with the public at-large, on the relationships between the Federal appropriations side of the Institution and the Trust side. Can you please discuss how the Trust works with the Federal side and how the budgets and personnel work together? What additional things should this Committee know about this relationship?**

**Response:** As a general rule, the Smithsonian uses federal funds to sustain and maintain our facilities, to provide a safe and secure environment for our visitors, staff, and collections and to support key research and public programs where long term funding stability or leveraging are required. We use trust funds for development/fund raising activities; to support our research, exhibitions and education and public programs; to share in some of the operating costs of the Institution; and to leverage federal funding and fulfill public-private partnerships. Private funds have to be raised to put on exhibitions which amount to millions of dollars each year for the 100 or so exhibits we mount. Trust funds are frequently used to expand or improve facilities projects, when desirable and when the work can be done in conjunction with a federal renovation or revitalization project. A prime example is the his-

toric Patent Office Building, which houses the Smithsonian American Art Museum and the National Portrait Gallery. In this case, federal funds were used to rehabilitate the existing, dilapidated building and trust funds were raised and used to create the exquisite enclosed courtyard which has become a wonderful addition to the museum experience. This type of federal-private partnership is crucial to building new museums; revitalizing facilities; broadening external collaborations to accomplish myriad research and education efforts; and creating and caring for exhibits. Our people work side by side to achieve the Institution's goals and objectives. Functions that are uniquely trust, such as managing the endowment, fund raising, and operating retail stores, are performed by trust employees. Senior leadership executives serve at the discretion of the Secretary and are in trust-funded positions. Employees whose work is funded by donors, government grants, revenue-generating activities, and endowments are always appointed in trust positions.

**8. There seems to be a continuing theme in the various GAO and IG reports and what I hear elsewhere about a lack of access between the various senior Institution officials and the Regents, and with the Congress. Do you think there are barriers between various Smithsonian personnel and the policy setting Regents board and the Congress?**

**Response:** One of the governance reforms implemented by the Board of Regents was to ensure that key internal gatekeepers have direct access to the Board. The Board of Regents' By-laws now provide that the General Counsel, Chief Financial Officer (CFO) and Inspector General (IG) attend all Board of Regents meetings and are invited to give presentations in executive session with the Regents, that the General Counsel also attends all Regents' committee meetings, and that the CFO and IG attend those Regents' committee meetings they deem relevant to their work. The By-laws also provide that the General Counsel and the CFO have the right and obligation to bring to the attention of the Regents and their relevant committees any issues of concern, and that the IG operates independently of all other SI officers. The agenda for each Regents' meeting includes the opportunity for the Under Secretaries to present information on new acquisitions, programs and discoveries. The Chair of the Board meets routinely with the Secretary's direct reports, museum directors and other senior staff. The Office of the Regents processes other staff requests for meetings with the Regents. Some Regents also sit on museum advisory boards.

With respect to senior officials' and other employees' access to Congress, many congressional offices have asked that all communications come from a single Smithsonian office, to avoid the confusion and inconvenience that can result from multiple voices. Management always consults with the relevant Smithsonian directors and staff when preparing responses to congressional inquiries and when developing presentations on Smithsonian issues for Congress. Where appropriate, Smithsonian experts participate in briefings given to Members and their staff on various topics. Members of Congress and their staff are routinely invited to tour our exhibits and facilities and to attend events, during which they meet Smithsonian staff in various areas. And, as do all citizens, Smithsonian staff have the constitutional right to express themselves freely to their elected representatives in Congress.

**9. The IG testimony stresses a need for greater management control and accountability for a whole host of business and program issues. Do you think it is important for leaders like yourself in the Smithsonian Castle to have greater control of the 19 museums and other facilities and programs?**

**Response:** Everyone at the Smithsonian is responsible for ensuring our resources are managed in a manner befitting our status as a public trust. Although it is important for senior management to set a tone of accountability, in my tenure as Secretary I have stressed that leaders throughout the organization are accountable for promoting and upholding these values. Management should provide strong guidance and adequate training, but the day-to-day responsibility for ensuring that these expectations are being met should rest with those who are closest to these activities.

FINANCIAL DISCIPLINE

**10. The IG also stressed the need for greater financial discipline. Do you think the Smithsonian leadership and the top managers are serious about financial management? Are you able to use the financial systems to help manage and prioritize various competing program needs?**

**Response:** The Smithsonian leadership and top managers are serious about financial management and have emphasized the need to strengthen financial management by enhancing internal controls in the Institution's strategic plan. As you know, management completed its review of 23 of the Institution's critical financial processes and has been focused over the past year on implementing improvements to address the five processes identified as high-risk. The Institution has reformed its policy directives review process to ensure policies are developed in a timely manner, and is about to issue several critical policy directives and procedural manuals regarding the use of funds and procurement that will strengthen management control. Other improvements will result from the hiring of new staff that were funded in the fiscal year 2010 appropriation and implementation of new training programs. The ten positions that were approved in the fiscal year 2010 appropriation will strengthen the management of personal property assets, procurement oversight and policy compliance, and improve financial reporting. In addition, the Institution is contracting for a best practices study that will result in improvements to the Institution's management structure and decision-making processes. We remain focused on improving the financial system to enhance efficiency and reduce the errors that result from manual processes. Project costing, cash management, and grants modules will be implemented in fiscal year 2010.

The Inspector General issued recommendations in her recent audits of personal property accountability and facilities maintenance funds to strengthen financial management. The Institution's leadership takes these recommendations seriously and is working to implement them. Two of the recommendations to provide training to staff involved in real property transactions and to instruct units to complete the appropriate property accountability forms have already been closed. A task force, composed of staff from several offices including budget, accounting and facilities, has been formed to focus on the recommendations stemming from the facilities audit. Though management disagrees that maintenance funds were improperly used for capital-related projects. Work has begun to develop and communicate a formal policy on the proper use of maintenance and capital funds for unplanned requirements, to improve documentation of funding source decision and rationale, and improve training for those who authorize the use of Federal funds.

The Institution uses its financial system to manage competing program needs. By monitoring spending and program accomplishments, the Institution is able to shift funds from programs that are progressing more slowly than planned to programs with a more urgent need. Having just completed a strategic plan, the Institution is working to incorporate the priorities and structures of that plan into the financial system. Once this is done, the financial system will become even more helpful in managing competing program priorities.

**11. The IG indicated that the decentralized nature and management of the Smithsonian is a real obstacle to better oversight and accountability. To what extent can the personnel in the Castle be more effective at bringing accountability and consistency, as appropriate, to the many different museums in the Institution?**

**Response:** The Smithsonian is a stronger organization overall because of the unique and individualized missions of its museums, research centers and programs. Clearly certain processes benefit from more centralized coordination when there are efficiencies or enhanced oversight that can be gained through consistency. Other activities are better managed at the unit level. This balance between central and unit control of activities is one that is revisited periodically to ensure that the current balance is one that is best for the Institution. We are about to embark on a wide-ranging assessment of our organizational structure to ensure that we are set up in a way that will enable us to carry out the objectives of our new strategic plan. As part of this review, we will also look at some core processes to ensure we are following the best practices and enabling our mission most effectively. We are hopeful that this review, which will be aided by expert consultants, will result in improvements to our management structure and decision-making processes and will produce some cost-savings.

Also, we are using a teamwork approach with all of the units to reduce barriers to productivity and to allow for ideas to be developed anywhere in the Institution. We have developed a number of cooperative task forces made up of individuals from across the Institution to look at issues such as travel, the capital campaign and improving trust funds.

**12. What level of centralized control is appropriate?**

**Response:** As stated above, the Smithsonian is a stronger organization overall because of the unique and individualized missions of its museums, research centers and programs. Clearly certain processes can benefit from more centralized coordination when there are efficiencies or enhanced oversight that can be gained through consistency, but there are other activities that are better managed at the unit level. This balance between central and unit control of activities is one that must be revisited periodically to ensure that the current balance is one that is best for the Institution.

**13. How do you use your financial management systems to provide accountability for your many diverse units? Do you have a policy of providing additional program funding for the better performing units and reductions for units which have not performed? Which management metrics can you use across so many different programs and museums?**

**Response:** One of the goals of the Institution's strategic plan is to improve the allocation of resources based on Institutional priorities, cost effectiveness and demonstrated value. The Institution has several processes by which it holds diverse units accountable for meeting their program goals. The Secretary establishes his annual goals at the start of each fiscal year and the Board of Regents affirms them. The Secretary then holds his management team accountable for achieving them. Each quarter, the Institution's leadership completes a status report that outlines what progress has been made in achieving these goals. In the annual budget process program managers align their funding requests with the Institution's strategic plan. Requests will receive consideration for funding based upon the extent to which that funding will further the objectives of the strategic plan. In addition, units are required to establish their budgets at the start of each fiscal year through the Smithsonian Operating Plan in which they document risks and opportunities to achieving the year's goals. Management reviews this plan against actual performance during a mid-year review. The mid-year review provides an opportunity to review the planned expenditures for the remainder of the year and identify any lower-priority expenditures that can be deferred so that funds can be devoted to higher-priority expenditures. Units that have performed well throughout the year and have identified high-priority needs will be "rewarded" with these funds at year-end.

The metrics used to measure performance are laid out in the strategic plan and include the following:

- Dollar amount of external funding from peer-reviewed research grants and contracts
- Number of peer-reviewed/refereed publications in priority research areas
- Number of strategic partnerships and collaborations
- Number of physical visits to Smithsonian museums, the National Zoo, and Smithsonian traveling exhibitions
- Number of visitors using online resources

**14. Does the Smithsonian have different financial management and accountability tools for your Federal versus your Trust funds and programs?**

**Response:** The Institution uses the same financial management and accountability tools described in the answer to Question 13 for its Trust funds, and all Trust revenue and expenditures are tracked in the same financial system. The gifts, grants, and contracts the Institution receives are considered restricted funds and are held to additional standards and reporting requirements as agreed to with the donor or sponsor.

**15. Dr. Clough, now that you have been at the Smithsonian for nearly a year and a half, what have been some of your bigger surprises? What area of your work are you most proud of so far?**

**Response:** One surprise to me has been the breadth, depth and contribution of Smithsonian science and scholarship to the larger questions of the day, including understanding climate change, uncovering the origins of the universe and preserving and appreciating our history and cultural heritage. Part of that surprise was learning how the Smithsonian reaches across America and to the world through our research stations, museum affiliations, traveling exhibits and collaborations with other organizations. I have been impressed with the talent and dedication of our staff. We handled 9 million more visitors this year and provided the American public free high quality exhibits and programs. During a time of great fiscal uncertainty, our value resonated with a lot of people and visitor numbers are proof of that. During this initial period, I have also made a concerted effort to visit every

Smithsonian museum and most of our research locations in the U.S. and abroad so that I can better communicate about the incredible education and research work of this Institution. I was also surprised to learn how important our large numbers of volunteers are to helping us maintain our vast collections and educate visitors. In my 18 months here I have already given several 40-year service pins to volunteers. Their dedication and that of our full time staff is essential.

An accomplishment of which the entire Smithsonian can be proud is the development of our new strategic plan. We went through a very intensive, wide-ranging, bottom-up process including over one thousand stakeholders from both inside and outside the Institution. In those discussions we identified the Smithsonian's strengths and resources, and tightened the focus of our efforts on those areas where we can make the strongest contributions to public life. Our strategic vision captures the relevance of the Smithsonian in helping our citizens and the world understand key science, history, art and culture issues and describes how the Smithsonian will engage more diverse audiences with a refocused education program. The Smithsonian will serve as a laboratory to create models and methods of innovative informal education and link them to the formal education system. In addition, through technology, we will make our vast collections more accessible to all. I am confident that this new plan will help us broaden access and reach new audiences, both in Washington, DC and around the country. The plan has been very well received, and I'm pleased to say that it has already generated significant donor interest.

#### FACILITIES MAINTENANCE CONDITION AND BACKLOG

**16. The GAO physical infrastructure team review of the Smithsonian verifies that the maintenance backlog is huge and getting worse. This is not new information. For years, there have been reviews and concerns for degraded collections and failed buildings. At the same time, the Smithsonian continues to expand its facilities and its programs, while older facilities and vital collections, visitor services, and scientific and cultural programs are stressed. Can you give the Committee some background on what you as Secretary and chief executive of the Smithsonian are doing to prioritize your efforts and improve this situation?**

**Response:** The optimal funding for the capital and maintenance program of an annual \$150 million and \$100 million respectively, based on industry standards and reviewed by GAO, has yet to be secured, but we are grateful for the steady upward progress that has been made in approaching that level of support. While substantial improvements have been made, particularly at the National Museum of American History, the National Museum of Natural History, and the National Zoological Park, many vital facilities needs remain. We have a rigorous prioritization system, which is essential, especially when the Smithsonian has been asked to initiate new facilities and programs, such as the National Museum of African American History and Culture. Other footprint growth has largely been a result of our efforts to improve the care and security of our valuable collections, as well as to comply with appropriate standards and codes as we revitalize existing spaces. We are watching this closely, with recognition of the burden it places on our facilities operations and maintenance.

Prioritization is the product of two major inputs. First, our facilities staff assesses needs on an annual basis, with priority coding that values health and safety improvements first, critical systems replacements and code improvements next, and deferrable functional improvements last. Second, the project prioritization is reviewed initially with program staff to coordinate timing, funding and access with research, exhibits and other Institutional initiatives. Then it is vetted and approved by the Institution leadership, including the Regents' Facilities Committee. In this way, we will address visitor, staff and collections safety first and foremost, while reflecting program priorities as articulated in the Strategic Plan for fiscal years 2010-2015.

**17. I expect that by now you have visited most of the Smithsonian's museums, facilities and other program offices. What do you see as the most pressing facility issues for the Smithsonian? What will be the Federal and what will be the private and trust role at dealing with the most urgent facilities needs?**

**Response:** I have made over 90 visits to our units here in Washington, DC and all over the world. The most pressing facility issues for the Smithsonian are:

1. To correct long-standing deficiencies at our largest and most visited facilities in concert with the development of public programs that support the Strategic Plan;
2. To design and construct the National Museum of African American History and Culture by 2015;
3. To reopen the Arts and Industries Building as a Gateway to the Smithsonian;
4. To support Smithsonian tropical research and environmental science with the construction of state-of-the-art laboratory facilities.

The Smithsonian has maintained consistently that the revitalization of existing buildings and landscapes, all of which serve the public, is a Federal responsibility and our capital and maintenance programs are built around that understanding. At the same time, we vigorously seek and receive private funds for the programs and research, public events and exhibits that define our mission.

**18. Given the huge backlog in your maintenance needs, is it appropriate for the Smithsonian to accept new, additional responsibilities?**

**Response:** The Smithsonian does not seek new, additional responsibilities. When tasked with doing so by Congress, such as in the creation of the National Museum of African American History and Culture, the Smithsonian does its best to fulfill that mandate.

ASBESTOS CONCERNS: ADDITIONAL QUESTIONS FOR SECRETARY CLOUGH AT TODAY'S HEARING

**19. Mr. Secretary, I want to ask you about the asbestos situation at the Smithsonian and the article in the Washington Post today. As you know, many of us on the Hill are very concerned about potential asbestos danger to workers and to the public. With the millions of visitors you receive, and the hundreds of workers who are routinely modifying buildings for exhibits, it is essential that the Smithsonian take its asbestos situation very seriously. The consultant's report indicates that there continue to be recordkeeping and training problems on this issue. The lack of employee training seems to be a common theme, even in the business and financial system reviews we have examined.**

**Please tell us about the asbestos situation, and especially, what you are doing to update records, test facilities, and train employees on proper asbestos handling.**

**Response:** The comprehensive review of the Smithsonian's asbestos management program was recently completed by URS, an independent contractor, to assess compliance with applicable Federal, state and local regulatory requirements and industry best practices. The SI's asbestos policies and specifications were found to be typical of policies prepared by Federal agencies, which oftentimes far exceed those of commercial entities. The Institution also conducted an internal review of its programs to ensure compliance with applicable regulatory requirements and best practices. Recommended modifications determined as a result of both the URS and internal assessments are being evaluated and, as appropriate, will be incorporated into existing policies and procedures.

Records pertaining to asbestos locations, quantities and condition throughout the Smithsonian are being updated as part of a comprehensive asbestos-containing material (ACM) assessment and re-survey, conducted by Aerosol Monitoring and Analysis (AMA), an independent environmental consulting firm. This initiative commenced in November 2008 and included requirements that the contractor reconcile data/information in existing asbestos survey reports and compile all abatement records into an electronic database; correlate all existing ACM information into a geospatial database that interfaces with the Smithsonian's work order management system; perform and document ACM inspections, prioritizing inspected areas requiring abatement; post applicable ACM warning signs; perform assessments for suspect ACM not identified in existing reports; and perform bulk sample collection and analysis of suspect materials.

With respect to ACM training, over 800 SI employees have received asbestos awareness training thus far during 2009. In September of this year, a memorandum was also forwarded to each facility/museum director outlining asbestos notification, training and work practice requirements, soliciting their assistance in identifying, with published guidelines, other staff needing this important training. Exhibits staff from the National Air and Space Museum also completed 16-hour asbestos operations and maintenance training requirements and follow-up, certifying them to conduct Class III asbestos-related tasks. Records for contractor-provided training for

Class III workers are maintained at the affected facilities. Records for facility/organization specific asbestos awareness training provided by Smithsonian staff are maintained centrally and at the affected facilities/organizations. Records of general awareness training provided to staff interested in learning about asbestos-containing materials are maintained centrally.

**20. Today's Washington Post reported that outside construction firms working at the Air and Space museum were told in plan specifications that wallboard joint compound contained "less than 1 percent" asbestos, meaning that special OSHA-required precautions did not need to be taken. However, the Smithsonian's own analysis from 1992 shows that the wallboard joint compound contains more than 1 percent, meaning the special procedures were required. Is the Smithsonian today telling AIR AND SPACE contractors that there is more than 1 percent asbestos in the wallboard joint compound?**

**Response:** Over the course of the past year, we have revised our contract specifications to remove any ambiguity that existed previously between standards promulgated by EPA and OSHA. All contractors are advised of the presence of asbestos-containing materials (ACM) in buildings where those materials may be disturbed as part of their work. Similarly, all contractors who may disturb ACM are required to have the appropriate level of EPA-accredited training and jurisdictional licensure that certifies their awareness of proper safe work practices when disturbing and/or handling ACM. All contractors working in NASM are advised of the presence of the asbestos-containing joint compound and are required to follow all OSHA required safe work practices and precautions when tasks may disturb the material. The work-safe practices reinforcement starts with the project managers for capital projects, starting with the concern and notification of possible exposure to the design group. That information is conveyed within the design documents. The construction group then reinforces at the pre-bid walk thru, the preconstruction meetings and progress meetings. By definition, asbestos-containing materials are those that contain greater than 1% asbestos.

**21. With respect to the settlement reported today in the Post, do you expect that there are other employees who also worked in the same kind of conditions and who may be due compensation?**

**Response:** The settlement reported in the Washington Post released an individual employee's claims arising out of his employment with the Smithsonian, but did not resolve his Federal Employees' Compensation Act (FECA) claim for asbestosis. That employee's FECA claim was accepted by the Department of Labor. The Smithsonian is not aware of additional claims similar to the settled claims. With regard to asbestosis, one other employee's FECA claim currently is pending with the Department of Labor (DOL). DOL, not the Smithsonian, decides such claims. It is possible that other employees or former employees may file FECA claims. In general, an employee or former employee has three years from the time he or she becomes aware of a work-related injury to file a FECA claim.

**22. I understand that last March, when this issue came up, the Smithsonian offered medical testing and treatment for employees. What has been the result of that medical testing?**

**Response:** In March 2009, the Smithsonian offered free medical screening evaluations as well as consultations with an outside expert on asbestos-related disease to all current and former museum employees. Sixty-eight (68) individuals contacted Smithsonian medical staff for screenings and possible referral to the outside expert. Of those, 46 individuals requested and were given referrals to the outside expert; it was left to the employee to schedule the appointment. To date, 32 individuals have scheduled appointments with the outside expert. That process is drawing to a close with one individual awaiting an appointment. Of the 31 individuals who consulted with the expert, five individuals so far have been diagnosed with asbestos-related disease, specifically pulmonary asbestosis. Among the five individuals, three are former employees and two are current employees. Each of them reported to the independent expert a work history which suggests possible exposure to asbestos prior to 1990. Some reported work histories which suggest significant likelihood of exposure associated with previous employment or military service going as far back as the 1960s. All current and former employees having actual disease findings as well as three individuals with no evidence of asbestos-related disease, but with histories of exposure warranting follow-up medical testing in three to five years, are being offered follow-up appointments with OHS staff. During these appointments, OHS staff provide further information and explanation of the expert's findings. Cur-

rent and former employees with disease findings are referred to the Office of Human Resources to discuss procedures for filing an occupational illness claim with the Department of Labor, if desired. Current employees needing routine and ongoing follow-up medical testing are advised that they can be followed by the Smithsonian's OHS. Former employees needing such testing are advised to follow up with their private physician.

**23. We understand that some of your older facilities, especially such storage as at the Garber facility, which staff visited earlier this week, have major asbestos problems. The asbestos in these storage facilities makes use of artifacts difficult and expensive. How large is this problem? What are you going to do about it?**

**Response:** A small percentage of our storage facilities at Garber have asbestos-containing insulation in place that is in varying stages of disrepair. The insulation, which may have been sprayed or troweled on, is contained behind either double layers of polyethylene sheeting or corrugated steel walls. Access to these buildings and artifacts is controlled by trained museum staff. Work in these buildings that may disturb ACM is restricted to staff who have been trained in proper work procedures for handling asbestos-contaminated articles and who have the proper personal protective equipment needed to safeguard against potential asbestos fiber exposures. I plan to close the Garber Facility in the long run, as soon as we can develop facilities to replace those at Garber.

More than 90% of the Smithsonian's million and a half square feet of collections storage space is rated in optimal or acceptable condition. The revitalization or replacement of the remaining unacceptable space appears in the ten year program of capital requirements with priority given to spaces occupied by staff and visitors.

#### COLLECTIONS CARE AND CONDITIONS

**24. Many different reports and evaluations all indicate that there are legitimate concerns for the Smithsonian's ability to provide proper care for many scientific and cultural artifacts. Where in the Smithsonian do you think there are the most urgent needs for improved collections care? Where is the Smithsonian in pretty good shape?**

**Response:** Over the past few years, the Smithsonian has made incremental progress in improving collections care across the Institution. A number of our facility-related projects have directly improved collections storage, preservation, and access—such as the opening of the state-of-art facility at Pennsy Drive in Landover, Maryland and consolidation there of collections from disparate storage locations; completion of POD 5 at the Museum Support Center in Suitland, Maryland, and the move of all alcohol collections from the National Museum of Natural History; pending completion of POD 3 at MSC for collections requiring high-quality environmental conditions and special security (artworks and physical anthropology) and ultra-cold or liquid nitrogen storage (cryo-collections); and the pending completion and move of collections at the Cooper-Hewitt, National Design Museum to an off-site storage and conservation facility.

In addition, we have taken a pragmatic and systematic approach to improving the stewardship of Smithsonian collections, including the following: initiated a pan-Institutional collections assessment to inform long-term strategic plans and priorities for collections care; addressed the Smithsonian Inspector General's audit recommendations regarding deficiencies in collections inventory and security at the National Museum of Natural History; continued to replace obsolete storage cabinetry and housing materials across the Institution that are currently detrimental and hazardous to the collections, staff, and researchers, by purchasing compact storage equipment and stable materials; conducted collections-level assessments, preservation surveys, and inventories to establish priorities and strategic plans for the allocation of collections care resources; and stabilized and conserved specific collections at risk of loss or damage.

In fiscal year 2009, the Smithsonian initiated an Institution-wide collections assessment adapted from a survey tool used by the National Museum of Natural History. The resulting data and assessment methodology, currently being evaluated and refined, will guide long-term strategic plans for collections care, identifying areas of need and improvement, establishing priorities, and providing a practical framework for the allocation of collections care resources. Based on the initial assessment data, priority collections care needs include:

- Continued purchasing of compact storage units and housing for collections across the Institution, as well as replacing substandard cabinetry and mate-

rials, with particular focus at the following museums: National Museum of Natural History, National Museum of American History, National Air and Space Museum, and the Cooper-Hewitt, National Design Museum.

- Stabilizing, rehousing, and inventorying of specific collections at risk throughout the Smithsonian, including film and photographic collections, botanical and marine mammal specimens, military history objects, fossils, meteorites and minerals, anthropological artifacts, textiles, works on paper, space history objects, graphic arts, new media, cryo-collections, and paper-based archival collections.
- Relocation of collections currently stored in substandard conditions at the Garber Facility in Suitland, Maryland.

**25. The GAO and others have talked about a specific financial total for the facilities backlog. Do you have any idea about the backlog in collections care? What would it cost, over how many years, to bring the most urgent collections into decent shape?**

**Response:** As mentioned above, the Smithsonian initiated Institution-wide collections assessment in fiscal year 2009 adapted from a survey tool successfully used by the National Museum of Natural History. Currently, the data and assessment methodology is being evaluated and refined. The resulting data will identify and quantify areas of need and improvement, establish ranking priorities, and determine associated costs.

**26. Does the Smithsonian have a rigorous system to determine which collections are the most important, and which could be given away? Are you able to give low priority artifacts away to other museums?**

**Response:** Yes. First of all, each Smithsonian collecting unit is required to develop and implement a written collections management policy and a collections plan to ensure the proper development, acquisition, preservation, documentation, use, and disposition of its collections based on the mission, strategic plan, and programmatic goals of the Smithsonian and the individual unit. Collections management policies establish general principles, authorities, and standards that govern the collections activities of the collecting unit, including acquisitions and deaccessioning. Collections plans provide a rationale for the collections and direct decision-making regarding acquisition, deaccessioning, resource allocation, and other aspects of building and sustaining the collections. Together, they ensure logical, responsible collections growth by establishing well-defined goals and priorities that guide collections activities.

In order to provide responsible management of the collections, potential acquisitions undergo a rigorous selection and review process. Smithsonian collecting units actively assess the degree to which potential acquisitions and existing collections are consistent with the mission and goals of the unit; enhance objectives in exhibition, research, or educational programs; and can receive appropriate care and preservation. Prudent collections management also includes judicious review, evaluation, deaccessioning, and disposal of existing collections to refine and improve the quality and relevance of the collections. Collection items selected for deaccessioning because they are duplicative, redundant, of lesser quality or have insufficient relationship to the mission and goals of the collecting unit are often donated or transferred to other museums and non-profit educational or research institutions.

AMERICAN RECOVERY AND REINVESTMENT ACT—ARRA

**27. The Smithsonian received \$25 million in the American Recovery and Reinvestment Act earlier this year. Please refresh our memory regarding how you have used these funds, and what your progress has been at getting work done promptly.**

**Response:** The Smithsonian is very grateful for the \$25 million in ARRA funds that permitted us to address high priority revitalization in three categories:

1. Arts and Industries Building—\$4.6 million Exterior Masonry Repair, Selected Interior Demolition and Hazardous Material Removal
2. National Zoological Park—\$9.7 million Fire Protection, Medium Voltage Equipment, Repair Bridges, Renew Roofs, Replace Barns
3. SI-wide Revitalization—\$10.7 million High Voltage Equipment, Backflow Preventers, Emergency Generators, Elevators/Escalators

Progress as of December 1, 2009 was:

Obligated—\$21,879,269

Outlayed (Expensed)—\$6,306,555 (28 percent expensed denotes significant work/progress toward completion)  
 Percentage of Projects Started—100% (16 projects total)

LEGACY FUND AND THE ARTS AND INDUSTRIES BUILDING RESTORATION

- 28. The fiscal year 2010 appropriations act redirected \$30 million of previously appropriated funds intended for various cost-share facilities projects to now be used to restore the Arts and Industries Building on the National Mall, if matched with private funds. Please tell us more about how and when you plan to use these funds, and what your immediate plans are for this building. How long will it take to get Arts and Industries open and useful again? What are your plans for its use?**

**Response:** We are moving forward with renovation of the Arts and Industries Building. With federal funds provided in the fiscal year 2010 Interior bill (\$12.6 million) and the American Recovery and Reinvestment Act (\$4.6 million), we are beginning roof replacement, repairing the masonry, removing hazardous materials and removing some interior partitions.

In consultation with some of the most imaginative experts in the country, who are donating their services, we have developed a comprehensive program for the content of the building, and are hard at work to actualize that program with dynamic and exciting designs. When it reopens, ideally in 2015, the Arts and Industries Building will serve as a gateway to the Smithsonian and provide an intersection between our education program and the four Grand Challenges identified in our new Strategic Plan. We have evidence of major donor interest, especially with regard to the innovative technology we will deploy in order to create a truly exciting experience for our visitors, both in person and online. I am confident the new language of the Legacy Fund will be a great incentive for donors.

The goal in the rehabilitation of this building is to learn from the “green” technologies of the past and make the building a showplace for the future, incorporating sustainable features for energy reduction, and use of natural day lighting and water capture from the 2.2 acre roof for reuse in garden irrigation.

SCIENTIFIC AND CULTURAL PROGRAMS

- 29. Your strategic plan is pretty clear that science is a big part of what the Smithsonian is all about. I think that fact is not fully appreciated here on the hill, or with the public. I know that your science programs are first rate, but it is not clear to me how the Smithsonian coordinates and integrates its science programs with other Federal science providers, such as the USGS and elsewhere. What will you do to better explain the role of the Smithsonian in various scientific disciplines?**

**Response:** The Smithsonian coordinates its science programs with other federal science providers through national and international scientific planning processes at the institutional level, as well as collaboration at the project and scientist level. In a number of cases, including NOAA’s National Marine Fisheries Service, scientists from other government agencies are assigned to work in the Smithsonian to use the National Collections as a major part of their jobs. This unheralded interagency collaboration has been going on for well over 100 years and results in both reduced costs to the government and better integrated science. In recent years, the Smithsonian has increased its involvement in interagency processes under the National Science and Technology Council and State Department processes. In addition to participating in many subcommittees and working groups, we co-chair the Interagency Working Group on Scientific Collections and the Task Team on Earth Observations. We also participate in National Research Council activities such as the Decadal Surveys in astronomy, and international activities such as those of the OECD Global Science Forum and GEO/GEOSS in Earth observations.

The Smithsonian has been developing better means to highlight our role in various science disciplines, and continuing to do so is a major emphasis of the new Strategic Plan. The Office of Public Affairs has designated a press officer to focus on this challenge and works closely with the Office of the Under Secretary for Science in promoting science at the Smithsonian, including a new science web site oriented for the general public, and regular briefings on science for the news media. We have been hosting more meetings and conferences as part of our outreach, for example, organizing recent scientific symposia on topics such as rates of tropical extinction and high profile international events such as the GEO plenary and Antarctic Treaty 50th Anniversary Summit in November 2009.

- 30. Does the Smithsonian have a significant role in climate change research given your extensive biological, geological, and paleontological expertise? Are you coordinating with other Federal agencies, such as those funded in the Interior bill?**

**Response:** Smithsonian research provides key data, theoretical advances, and testing of new measurement methodologies in the larger federal climate change research program. We work closely with other agencies on much of the research and coordinate with these agencies through the US Global Change Research Program and the US Group on Earth Observations under the National Science and Technology Council. While the Smithsonian does not itself do integrated climate modeling (a job of other organizations), our work on carbon sequestration, forest dynamics, coastal and marine ecology, atmospheric composition and the long view from paleontology all integrate into the models and parameter development. The strength of the unique contribution made by Smithsonian research comes from the long-term understanding of the natural baselines and the study of how individual species and ecosystems respond (historically and currently) to climate change and habitat change.

An example of our work in carbon sequestration and forest dynamics is SIGEO, a global observational platform that we lead with 20 other nations to observe the response of forests to climate change.

Also, through the Smithsonian Online Education Conference: Climate Change, participants, alongside scientists and curators, explored Smithsonian research and collections related to the evidence, impact, and response to climate change.

#### PERSONAL PROPERTY INVENTORY

- 31. The Inspector General's recent report indicated that \$12 million in personal property cannot be accounted for. Does this mean these items were pilfered? Do you know what the amount of non-accountable property is per year? How does this compare with other federal agencies and institutions?**

**Response:** There is no evidence that any property was stolen. In the past, when the Institution researched unaccounted-for items, we have generally found that lapses in documentation, not theft, had led to the unaccounted-for status. This is not to say that theft can be ruled out completely. The IG has found weaknesses in our personal property accountability system, while noting that "the Smithsonian has made significant improvements to its personal property management in several ways." The IG has made recommendations for additional improvements to the system, and management has accepted those recommendations and is working to implement them. Our fiscal year 2010 federal appropriation includes funding to hire three FTEs who will be dedicated to personal property management. According to the IG, in fiscal year 2009, 1% of property was missing and 1% was unrecorded. The General Services Administration (GSA) is the federal entity primarily responsible for issuing personal property management regulations and procedures. GSA has not issued comprehensive guidance on this issue, but instead refers federal entities to private sector resources. The Smithsonian's rate of 2% missing or unrecorded property compares favorably with the industry standard of 2% issued by the American Society for Testing and Materials International (ASTM International), Standard E2221-02, Standard Practice for Administrative Control of Property.

The SI goal of no more than 2% inventory variance representing loss (missing) and unrecorded (items found that have not been recorded in the ERP PeopleSoft Financial System) personal property assets as a result of inventory verifications is consistent with ASTM's asset management standards. These include performance standards, practices, metrics, and methods of effectiveness for the conduct of management and administration activities for durable and movable assets (personal property management).

### Questions From Ranking Member Simpson

#### QUESTIONS FOR SECRETARY CLOUGH

##### CLIMATE CHANGE

- 1. Climate Change: The Interior Appropriations conference report provided nearly \$400 million for climate change related work. Nearly \$7 million has been provided to the Smithsonian. As I've said throughout this 2010 process, it's been difficult to see whether or how all of these federal**

**climate change efforts are coordinated and strategically focused. Precisely what is the role of the Smithsonian with regard to climate change research? What type of coordination do you have with other federal government agencies to avoid duplication of efforts?**

**Response:** Smithsonian research provides key data, theoretical advances, and testing of new measurement methodologies in the larger USG climate change research program. We work closely with other agencies on much of the research and coordinate with these agencies through the US Global Change Research Program and the US Group on Earth Observations under the National Science and Technology Council. While the Smithsonian does not itself do integrated climate modeling (a job of other organizations), our work on carbon sequestration, forest dynamics, coastal and marine ecology, atmospheric composition and the long view from paleontology all integrate into the models and parameter development. The strength of the unique contribution made by Smithsonian research comes from the long-term understanding of the natural baselines and the study of how individual species and ecosystems respond (historically and currently) to climate change and habitat change.

#### SMITHSONIAN PRIORITIES AND NEW MUSEUMS

**2. Smithsonian priorities: There will always be tremendous interest among various constituencies to build even more Smithsonian museums. The National Museum of the American Indian, I believe, is the newest museum. The National Museum of African American History and Culture has been authorized by Congress and this project is in its early stages. I'm hoping that Eva Longoria will be calling soon to encourage my support for the National Museum of the American Latino. Do we ever reach the point where we say, "We're done building museums until we can better maintain what we already have?" Is it unreasonable to suggest that we address unmet needs of the Smithsonian—like digitization of records and preservation of historic collections—before taking on new, costly projects?**

**Response:** The Smithsonian does not propose new museums. We are focused on managing what we have, and our highest priority is the care of existing museums, collections and programs. However, when Congress enacts legislation that requires the Smithsonian to build and operate a new museum, we do our best to meet that mandate. With your help, we are also devoting resources to digitization and preservation of historic collections, which will help us broaden access and reach new audiences.

#### COLLECTIONS

**3. Preservation of collections: Earlier this week, our Committee staff visited your campus at Suitland and saw firsthand how some of the Smithsonian collections are being stored and preserved. I know that progress has been made in building state-of-the-art storage for some collections but am also told that many of the Smithsonian's prized possessions are being stored in several dilapidated buildings at the Garber site which are in severe need of repair and restoration. Do you expect your fiscal year 2011 budget request to include funding for addressing these needs for collections in these buildings?**

**Response:** Constructed between the late 1940s and early 1960s, the Butler-style buildings at the Garber Facility in Suitland, Maryland, were originally designed as temporary 25-year structures. Although some buildings have been renovated, many have long passed their useful lifespan, are structurally compromised, and are sub-standard facilities for storing collections. Environmental conditions are inadequate and hazardous to the collections while overcrowding severely restricts physical access, preservation, and use of the collections.

Recently, the Smithsonian has taken a number of corrective actions to improve the care of collections from the National Museum of American History and National Air and Space Museum which are stored at Garber:

- Last year, the National Museum of American History (NMAH) completed the move of portions of their collections stored at Garber and two other off-site locations in Virginia to the new Pennsy Drive collections storage facility. However, NMAH's storage space at Pennsy Drive is now fully occupied.
- The National Air and Space Museum (NASM) has upgraded micro-climate storage containers and rehoused the space suit and aviation clothing collections stored at Garber, thereby improving their overall preservation and access.

- The pending completion of Udvar-Hazy Center Phase Two will enable NASM to move 75 percent of the Museum's collections from Garber to a state-of-the-art collections storage facility.

Improving the care and preservation of collections currently stored at the Garber Facility is and will continue to be a priority for the Smithsonian. Future budget requests will support the relocation of collections currently stored in substandard conditions at the Garber Facility and the development of the site to address the long-term storage needs of the Smithsonian.

#### OUTREACH

- 4. Smithsonian outreach beyond the Beltway: One of the laudable goals of your strategic plan is to open the resources of the Smithsonian to millions of people including minorities, people in rural areas (which is appealing to a state like Idaho), and other underserved populations. Can you provide for us your vision of how this is achieved? Do you have any specific timelines for achieving these goals? To what extent will the Smithsonian depend upon philanthropic giving versus federal funding? What are the total costs involved?**

**Response:** In the implementation of the strategic plan, we intend to continue and expand our longstanding initiatives to reach out to the people of the United States and around the world. We will build upon the strengths that already exist, including our Smithsonian Institution Traveling Exhibition Service (SITES), now in its 58th year, which currently circulates over 50 exhibitions each year to all 50 states on a wide variety of topics. SITES is a national leader in developing exhibitions that celebrate our diverse cultural heritage as well as scientific and technological innovations, and exhibitions currently in development and being circulated highlight the lives and achievements of African Americans, Latinos, Asian Pacific Americans, Native Americans, and others. Another key initiative is SITES' Museums on Main Street (MoMS) program: SITES travels to the underserved populations of rural America and places its exhibits in non-traditional venues, such as community centers, libraries, and shopping malls. As we go forward, we hope to enhance and augment our outreach through exhibitions around the country.

SITES works in concert with our Smithsonian Affiliations Program; with over 160 affiliates in 41 states, Puerto Rico, Panama, and the District of Columbia, the Affiliations Program goes far beyond the Beltway to bring Smithsonian programs, exhibits, and expertise to museums and cultural institutions throughout the country. Latest data indicate that over 7,500 Smithsonian artifacts have been displayed by Affiliates. In addition, numerous Smithsonian scholars have participated in programs in science, history, and art education at Affiliate locations; workshops, internships, and visiting professionals programs have enriched the careers of staff in affiliated institutions.

In addition to SITES and Affiliations, many other programs take the Smithsonian beyond the Beltway to millions of people, many of these programs are delivered via Smithsonian websites. Web-based delivery systems and Web 2.0 interactive technologies, Smithsonian on-line video conferences, webinars, and museum-to-school distance learning initiatives all show us enormous potential for the future. Our partnership with the Council of Chief State School Officers (CCSSO) and our on-going programs with State Teachers of the Year are also important conduits for reaching all 50 states. We recently began a series of Smithsonian Education Online Conferences. These free conferences and archived sessions reached over 10,000 people in all fifty states and over 80 countries, representing a diverse audience. The conferences focus on topics in science, history, culture, and art and are based on Smithsonian research and collections.

All of our educational resources are available on SmithsonianEducation.org, including lessons plans, digitized images, downloadable tours, and website links. Teachers and parents can easily find educational resources using a search engine that links resources to state educational standards and topics of interest.

The Smithsonian's National Science Resources Center, in partnership with the National Academies (National Academy of Sciences, National Academy of Engineering, and National Institute of Medicine) offers leadership development programs and resources designed to improve K-12 science education. We are working with the Department of Education and CCSSO to deliver these and other education programs to underserved populations.

In implementing our strategic plan, we plan to use information technology initiatives to share our vast collections and extensive research. We need to develop the

enterprise systems and shared resources and services to deliver our assets via a technological framework that will enable users everywhere to experience the Smithsonian. Funding from federal and outside sources, both dollars and in-kind gifts, will be needed to accomplish our goals.

- 5. Educational programs: Your testimony highlighted many of the Smithsonian educational programs available to students of all ages. What is the extent of your outreach to local school districts, colleges, universities, and other avenues for learning? Do you have specific educational outreach geared specifically to seniors? Or, if I'm not in school, but am curious by nature and don't have the means to travel to Washington, DC, how does one become aware of these opportunities?**

**Response:** The Smithsonian has a memorandum of understanding with the Council of Chief State School Officers (CCSSO) that details how the two organizations work together to deliver Smithsonian content to school districts throughout the country. One outcome is recruiting Teachers of the Year from across the country to serve as Smithsonian Ambassadors, offering local workshops on how to access and use Smithsonian resources. In addition, Smithsonian in Your Classroom, filled with content essays and classroom-ready lessons, is mailed semi-annually to all public and private elementary and middle schools in the United States and Department of Defense Education Authority, and current and back issues are also available on line. The Smithsonian American Art Museum, in partnership with the Department of Defense Education Activity, provides professional development, curriculum resources and videoconferences for K–12 teachers and students in schools for children of military service members located on bases in the U.S., Europe, and the Pacific.

For the past 24 years, the Smithsonian's National Science Resources Center (NSRC) has leveraged the research and expertise of the Smithsonian and the National Academies to develop much needed science education materials for the classroom in partnership with government agencies, academic institutions, corporations, and museums. NSRC materials are now used in K–12 science programs in more than 1,200 school districts, representing 30% of the U.S. student population, or 19 million students.

For outreach to colleges and universities, the Smithsonian hosts over 1,000 college students annually, representing all fifty states, who take part in internships across the Institution. In addition, the Smithsonian has a ten-year partnership with Montgomery College in Maryland to offer faculty seminars and professional development opportunities and is currently exploring offering these same opportunities to college faculty across the country through online courses. Hundreds of opportunities for graduate, predoctoral, postdoctoral and senior fellowships are available through the Office of Fellowships, which posts opportunities for research and study on-line at <http://www.si.edu/ofg/fellowopp.htm> and circulates them to universities around the country. More than 110 of such opportunities were awarded in 2009.

For outreach to seniors, the Smithsonian Education Online Conferences are available to anyone interested in the topic. Based on registration from previous two conferences, many seniors participated individually or through organizations such as Garden Clubs, VFWs, and senior centers. In addition, to better serve families, the Smithsonian publishes a Grandparents' Guide with suggestions for enhancing inter-generational museum visits.

All of these opportunities are promoted on [www.si.edu](http://www.si.edu) and [www.SmithsonianEducation.org](http://www.SmithsonianEducation.org), and in Smithsonian magazine, Smithsonian in Your Classroom, Go Smithsonian (our museum guide), education e-newsletters sent to teachers, and various types of social media.

#### ARTS AND INDUSTRIES BUILDING

- 6. Arts Industries Building/National Museum of African American History: The renovation of the Arts and Industries Building and the construction of the National Museum of African American History and Culture are two major undertakings. What are the timelines and costs involved for each project? How is the Smithsonian budgeting for these endeavors? Has an ultimate use been determined for the Arts and Industries Building once the renovation is completed?**

**Response:** The timelines and cost estimates are outlined on the table below.

	Arts & Industries Building (AIB)	NMAAHC
FY10 .....	Design—complete Roof, Windows, Structure, bid and award; write scope for Core phase of work. Construction—complete Exterior Masonry Repairs and Selected Demo/Hazmat.	Design—kick-off design, complete three concept alternatives; complete Environmental Impact Statement.
FY11 .....	Construction—begin Roof/Windows/Structure. Design—award and begin Core; award and begin Interior Outfitting and Exhibits.	Design—complete 35% construction documents.
FY12–15 .....	Construction—complete Roof/Windows/Structure; bid and award Core, begin Core. Design—completed .....	Design—complete 100% construction documents.
FY15 .....	Construction—complete 100% exhibits Reopen as Smithsonian Gateway .....	Construction—begin site work, begin building. Construction—complete 100% building; complete 100% exhibits. Open Museum.
Total Project Cost ...	\$200–300 million .....	\$500 million.

The revitalization of the Arts & Industries Building and the design and construction of the new National Museum of African American History and Culture are major undertakings that require thoughtful consideration of the effort and the impact their construction has on the rest of the revitalization needs of the Institution. Both projects will require substantial private funds. By law, the construction costs of NMAAHC are to be split equally between Federal and privately raised Trust sources.

For AIB, the Federal responsibility is for the preservation and rehabilitation of the historic structure; therefore, as design progresses and costs are developed, those costs are reflected in the capital program. We are at the earliest stages of planning a campaign to secure private support for the contents and outfitting of the building. Fortunately, thanks to the American Recovery and Reinvestment Act, we are moving forward with \$4.6 million in current construction to repair the exterior masonry and remove hazardous materials and some interior partitions, and the fiscal year 2010 federal budget provides \$12.6 million to begin replacement of the roof. In addition, the fiscal year 2010 federal budget provides \$30 million for the Legacy Fund and directs that funding to the Arts & Industries Building, on condition that we match it with privately raised funds.

In consultation with some of the most imaginative experts in the country, we have developed a comprehensive program for the content of the building, and are hard at work to actualize that program with dynamic and exciting designs. When it reopens, the Arts and Industries Building will serve as a gateway to the Smithsonian and provide an intersection between our education program and the four Grand Challenges identified in our new Strategic Plan. We have evidence of major donor interest in the innovative technology that we will deploy to create a truly exciting experience for our visitors—in person and online. I am confident the new language of the Legacy Fund will be a great incentive for donors.

Smithsonian’s goal in the rehabilitation of this building is to learn from the “green” technologies of the past and make the building a showplace for the future. We will be incorporating sustainable features for energy reduction, and the use of natural day lighting and water capture from the 2.2 acre roof for reuse in garden irrigation.

- 7. Smithsonian annual attendance: In your testimony, you noted that your attendance was roughly 30 million visitors during the last fiscal year, an increase of nearly 6 million visitors. To what do you attribute this remarkable increase? Is that a record number of visits for one year?**

**Response:** Six million additional visitors brought us back to a level of attendance last seen before 9/11. We believe the increase is attributable to several factors. The National Museum of American History reopened to the public in early fiscal year 2009 after being closed for two years. The Presidential Inauguration in January 2009 provided a sizeable increase in attendance. Also, Smithsonian museums opened 90 new exhibitions during the year. We also believe that the release of the feature film “Night at the Museum—Battle of the Smithsonian” generated additional attendance. It was an excellent year, but fiscal year 2009 visitation was not an all-time record. Our highest visitation was in fiscal year 2001, when we recorded 33.7 million visitors.

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