



Exhibit in the new Kenneth E. Behring Family Hall of Mammals at the National Museum of Natural History

**Semi-Annual Report to the Board of Regents
for Fiscal Year 2004
May 2004**

INTRODUCTION

This report presents Smithsonian Institution highlights and data for the first half of fiscal year 2004 (October 1, 2003 through March 31, 2004).

PUBLIC IMPACT

VISITS TO THE SMITHSONIAN

The Smithsonian had a total of 8.9 million visits during the first half of fiscal year 2004: 6.6 million visits to its museums in Washington, DC and New York, 0.5 million visits to the National Zoo, and 1.8 million visits to traveling exhibitions organized by the Smithsonian Institution Traveling Exhibition Service, Smithsonian American Art Museum, and National Portrait Gallery.

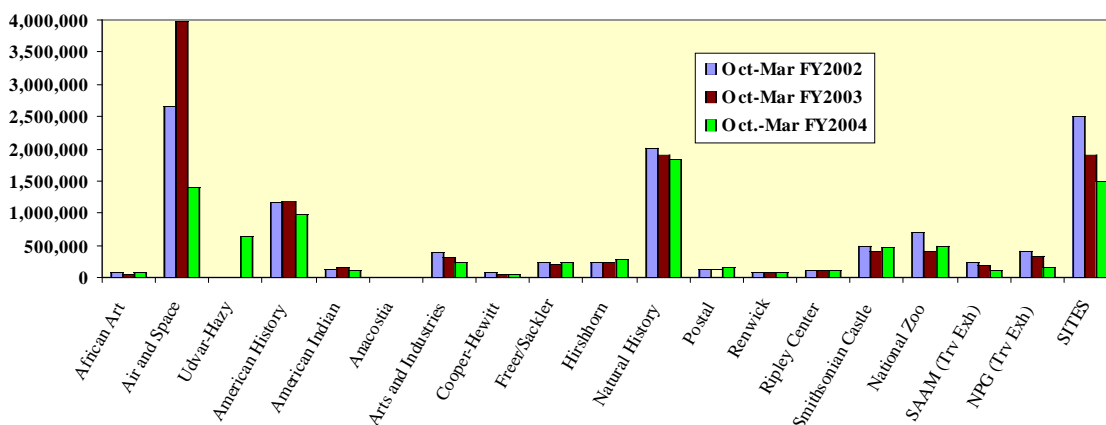
Visits to Smithsonian museums and the National Zoo during the first half of fiscal year 2004 were down from the same six month period of the previous two fiscal years. While the first half of fiscal year 2003 saw a 9% increase over the first half of fiscal year 2002, visitation in the first half of fiscal year 2004 is down by 16% from the low levels experienced in fiscal year 2002.

While decreased attendance at the most highly visited museums on the Mall brought down the overall average attendance figures, many of the smaller museums improved their visit numbers over the first six months of fiscal year 2003. Visits to the National Museum of African Art and the Freer and Sackler Galleries were up 7.5% and 12%, respectively. The Anacostia Museum and the Cooper Hewitt National Design Museum each had over 17% more visits and the National Postal Museum rose by 19%. Visits at the Zoo were up 21% and the Hirshhorn Museum and Sculpture Garden showed a nearly 30% increase in visits, owing in part to Gyroscope, the well-received museum-wide re-installation of its permanent collection, and innovative programs such as “24 Hour Access/24 Hour Psycho,” part of the Douglas Gordon exhibition that kept the museum open for 24 hours and reached new audiences.

The biggest news in visitation was the opening of the National Air and Space Museum’s Steven F. Udvar Hazy Center, adjacent to Dulles Airport, on December 15, 2003. The new museum had close to 220,000 visits in its first two weeks – with 45,000 on the Monday after Christmas alone. With over 640,000 visits recorded through March, the Center is now the fourth best-attended Smithsonian museum. Slightly offsetting those numbers, the Arts and Industries Building closed to the public in January with only a small number of visits still recorded for the Discovery Theater.

Visits to Smithsonian Museums and Traveling Exhibitions

First Half of Fiscal Years 2002, 2003, and 2004



The outlook is rosy for attendance on the Mall in the coming months with the festivities surrounding the dedication of the World War II Memorial taking place Memorial Day weekend, followed by the Folklife Festival at the end of June, and the grand opening of the new National Museum of the American Indian in September.

VIRTUAL ATTENDANCE

The flood of visitors navigating the Smithsonian's wide range of online offerings continues to surge dramatically. The 30.3 million visitors tallied during the past six months represent a 40% increase over the 22.1 million web visitors recorded in the corresponding six-month period of fiscal year 2003. In March 2004, 5.5 million unique visitors surfed Smithsonian sites; more than twice the number that the Institution hosted in March 2003.

- The National Museum of Natural History web site *North American Mammals*, developed in conjunction with The Behring Family Hall of Mammals (<http://web4.si.edu/mna>), was reviewed in the February 20 issue of *Science*.
- SmithsonianEducation.org, maintained by the Smithsonian Center for Education and Museums Studies, was one of four web sites chosen out of thousands of entries to win the prestigious "STEP Design 100 Award." The web site also received a Bronze World Medal in the Non-Profit Organization Website category at the New York Festivals.
- The Freer and Sackler Galleries launched a new virtual exhibition in conjunction with *Mr. Whistler's Galleries: Avant-garde in Victorian London*. The interactive for the web site's "Love and Yearning" page won Macromedia's "Site of the Day" award.
- The National Science Resources Center (NSRC) launched its new web site in March. New interactive features include on-line event registration for Leadership and Assistance for Science Education Reform (LASER) Center and Professional Development Center events and online discussion forums for NSRC curricula users and LASER services users.
- The Smithsonian American Art Museum re-launched its web site (<http://americanart.si.edu/index2.cfm>) with a new design and revised content. Artworks, a calendar, and a new collection search with images are included.
- The Center for Folklife and Cultural Heritage added a Folklife and Oral History Interviewing Guide to its web site in January. This resource presents guidelines that Smithsonian folklorists have developed for collecting folklife and oral history from family and community members, along with a sample list of questions that may be adapted to various situations.
- As of March, the National Postal Museum web site (<http://www.postalmuseum.si.edu>) has three new online exhibits, each based on exhibits in the Museum's galleries. *The Queen's Own* is a selection of extraordinary materials from Her Majesty Queen Elizabeth II's personal philatelic holdings. A complementary exhibit, *Kristen Ollies Collection* showcases a collection begun in 1997 by the then-fifth grader. *U.S. Stamps Exhibit* is the online version of the most comprehensive U.S. stamp exhibit ever undertaken by the Smithsonian.
- The Latino Virtual Gallery is one of the Smithsonian Center for Latino Initiatives' primary outreach tools. The web site now features six online exhibitions. *Tales of Lienzos* was unveiled in October, and *Our Journeys/Our Stories: Portraits of Latino Achievement* was launched February 17 at a reception for the opening of the physical exhibition.



EXHIBITION HIGHLIGHTS

The National Air and Space Museum's \$311 million **Steven F. Udvar-Hazy Center** at Dulles Airport opened to the public on December 15, 2003. *The Washington Post* described the vast new building as "three football fields long, 10 stories high and 287 feet wide." Among the icons on display are the Space Shuttle *Enterprise*, an SR-71 Blackbird Reconnaissance Aircraft, the DASH 80 prototype of the Boeing 707, the Boeing 307 Stratoliner, and the Air France *Concorde F-BVFA*. When fully completed, the Center will display more than 200 aircraft, 135 spacecraft, and thousands of other artifacts related to the history of flight and space exploration.



The National Museum of Natural History's **Kenneth E. Behring Family Hall of Mammals** opened to the public on November 15, 2003. The 25,000 square foot exhibition with 274 stuffed specimens explores the diversity of mammals and the processes by which they evolved and continue to adapt. *The Washington Post* described the new mammal hall as "amusing and awe-inspiring. The innovative design abandons the painted dioramas that have been part of museums for 100 years. The animals are given natural poses."

America on the Move, a 26,700 square-foot permanent exhibition in the National Museum of American History, Behring Center, opened to the public on November 22, 2003. Using historic settings to display 340 objects, *America on the Move* takes visitors on a fascinating journey, from the coming of the railroad to a California town in 1876 to a multimedia experience of life in Los Angeles in 1999.



Return of the Buddha: The Qingzhou Discoveries opened at the Arthur M. Sackler Gallery on March 20. The exclusive North American presentation of an exhibition that received high critical acclaim in Berlin, Zurich and London, *Buddha* presents 35 extraordinary 6th-century Chinese Buddhist statues that were accidentally unearthed in 1996 by workers leveling a school sports field in Qingzhou, a small city in Shandong Province on China's northeast coast. These sculptures rank among the 100 most significant archaeological finds of the 20th century.

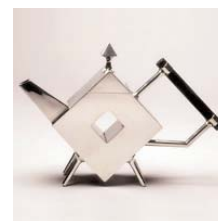


The Wright Brothers & the Invention of the Aerial Age opened at the National Air and Space Museum on October 11, 2003. The exhibition celebrates the centennial of the Wright brothers' first manned, powered flight, and focuses on the invention of the world's first airplane and public reaction to the defining technology of the 20th century. The 1903 Wright Flyer is the centerpiece of the exhibition with the artifact at the visitor's eye level for the first time in its history at the Smithsonian.

Treasures from the Smithsonian American Art Museum, featuring several hundred of the museum's greatest treasures by artists such as John Singer Sargent, Winslow Homer and Childe Hassam, are on view in the Grand Salon of its Renwick Gallery. The salon-style installation includes a suite of three stunning views of Yellowstone and the Grand Canyon by Thomas Moran – two on long-term loan from the U.S. Department of the Interior – that inspired Congress to establish Yellowstone as the nation's first national park.



Shock of the Old: Christopher Dresser opened at the Cooper Hewitt National Design Museum on March 5. The exhibition of 300+ works is the first full-scale museum retrospective of the pioneer 19th century industrial designer. *Shock of the Old* received extensive press coverage, including from *The New York Times*, *Newsday*, *Architects Newspaper*, *Elle Décor*, *House & Garden*, and *Associated Press*. The exhibition travels to the Victoria & Albert Museum in September.



Douglas Gordon, the first North American survey of works by the Scottish artist, is on view at the Hirshhorn Museum and Sculpture Garden from February 12 to May 9, 2004. The exhibition includes large-scale projected video installations, text pieces, and still photographs created by the artist from 1993 to 2002. A highlight of the DC installation was the 24-hour event and programming related to the showing of the video *24 Hour Psycho*, which slows down Alfred Hitchcock's masterpiece to run for 24 hours.

Marking the 40th anniversary of the Beatles' first U.S. tour and appearance on *The Ed Sullivan Show*, two photography exhibitions opened at the National Museum of American History on January 16. ***The Beatles: Backstage and Behind the Scenes*** features more than 60 never-before-published black and white photographs from the CBS Photo Archive and by *LIFE* photographer Bill Eppridge, including historic images of the fab four's train ride to Washington, DC, and their first concert held at the Washington Coliseum.



Crowns: Portraits of Black Women in Church Hats was on view at the Anacostia Museum from December 12, 2003 - February 29, 2004. The exhibition celebrates "hattitude," the Black woman's boundless passion for keeping The Sabbath both holy and glamorous. Michael Cunningham's 30 black and white photographs explore that rich cultural tradition of heading to worship in hats ranging from the simple to the simply out-of-this world.



Insights, featuring the work of nine contemporary artists from the National Museum of African Art's collection, opened February 27. By displaying ensembles rather than individual works, the exhibition reveals the artistic process and the play of experimentation, continuity, and change in each artist's chosen subjects and materials.

The National Museum of Natural History partnered with the U.S. Fish and Wildlife Service on an exhibition celebrating the centennial anniversary of the establishment of the National Wildlife Refuge System in 1903. ***America's Wildest Places***, on view from November 7, 2003 to April 11, 2004, explores the "defining moments" in the history and evolution of the System through artifacts, objects, and specimens.



Continuum: 12 Artists at the National Museum of the American Indian's George Gustav Heye Center in New York presents new work by twelve contemporary native artists in a series of six paired shows. The first half of fiscal year 2004 pairings included Richard Ray Whitman with Edgar Heap-of-Birds, and Nora Naranjo-Morse with George Longfish.



Beauty in Service to Science: The Panoramas of Charles D. Walcott opened at the Canadian Embassy on March 5. The exhibition, organized by the Smithsonian Institution Archives, consists

of 15 panoramic photographs of the Canadian Rockies taken by Charles D. Walcott, former Secretary of the Smithsonian (1907-1927), and the scientist who discovered the Burgess Shale, considered one of the most important geological finds of the 20th century.

The Archives of American Art opened *Electing Excellence: The National Academy of Design, 1825-1945* at its New York Regional Center gallery on January 15. The exhibition explores the dynamic life of the Academy and its members through letters, photographs, diaries, and clippings from the Archives' collections.



Described by author William Warner as a “beautiful swimmer,” the blue crab, *Callinectes sapidus*, and its Chesapeake Bay home are the subjects of a new display at the National Zoo’s Invertebrate Exhibit. *Hanging in There with Both Claws: The Blue Crab* opened in fall 2003.

Chinese Script: Oracle Bones to Computer Bytes, organized by the Embassy of the People’s Republic of China, opened in the International Gallery on March 11. The exhibition explores the evolution of Chinese script’s uniquely square characters that have been used to denote objects and meanings for thousands of years.



The Magic Web: The Tropical Forest of Barro Colorado Island, a collaboration of the Smithsonian Tropical Research Institute, the National Zoo, and SITES, explores the tropical ecosystem through the brilliant photography of ecologist Christian Ziegler. The exhibition debuted at the Zoo in January and will begin a five-year tour of U.S. museums in June.

NATIONAL OUTREACH

The Office of National Programs (ONP) continued to play a major role in expanding the Smithsonian’s presence across America. Through its four outreach offices, ONP brought the Smithsonian to 45 states during the first half of fiscal year 2004 through a variety of traveling exhibitions, artifact loans to Affiliate museums, public programs, and educational workshops.

Smithsonian Affiliations. In the first half of fiscal year 2004, Smithsonian Affiliations signed agreements with three new Affiliates. There are currently 140 Affiliates in 39 states, the District of Columbia, Puerto Rico, and Panama.

Smithsonian scholars and offices performed, lectured, consulted or partnered on five activities at the request of Affiliates. These included collaboration with the National Museum of Natural History on an epic project to systematically inventory life on earth, concerts and music education programming by the National Museum of American History, Behring Center’s Beethoven String Quartet and the decorated Strads, and public presentations of the rich contributions of the native peoples of North Carolina to that state’s history and culture.

The third Smithsonian Affiliations/AARP Cultural Alliance Conference was held in Kansas City, Missouri, November 12-14. Staff from 33 Affiliates participated in this initial planning session to promote collaboration and explore themes of volunteerism and nurturing audience diversity.

The Smithsonian Center for Education and Museum Studies (SCEMS). SCEMS led a pan-institutional effort to develop the Smithsonian’s first strategic plan for education, which was presented to staff at an education town hall meeting on March 15. The five year plan includes detailed

objectives and action steps to produce and deliver educational experiences, services, and products; and strategies to increase collaboration among Smithsonian units.

Working with the Education Committee of the Smithsonian National Board, SCEMS secured funding for a one-year pilot Smithsonian Education Innovation grant program and a one-year pilot Smithsonian Education Achievement award.

SCEMS hosted the annual Smithsonian Teacher's Night on October 3, 2003. Approximately 2,200 educators attended the Washington, DC event at the National Air and Space Museum. An additional 1,000 educators attended Teachers' Night programming at the Challenger Space Center in Phoenix, Arizona and the Kansas Cosmosphere in Hutchinson, Kansas.

Smithsonian Institution Traveling Exhibition Service (SITES). During the first half of fiscal year 2004, SITES presented 51 exhibitions at 117 venues in 37 states and the District of Columbia. SITES opened three new exhibitions during this period.

In the Spirit of Martin: The Living Legacy of Dr. Martin Luther King, Jr. concluded its national six-city tour on March 28 at the Montgomery Museum of Fine Art. The SITES exhibition was seen by at least a half million people since its premier at the Charles H. Wright Museum of African American History in Detroit on Jan. 13, 2002.



Our Journeys/Our Stories: Portraits of Latino Achievement opened February 18 at the National Museum of American History, Behring Center. The bilingual exhibition, developed by the Smithsonian Center for Latino Initiatives, is comprised of 25 newly commissioned photographs of Latino Nobel laureates, scientists, artists, athletes, politicians, and others who have made significant contributions to U.S. history, providing an inspirational anthology of Latino accomplishments across generations.

Doodles, Drafts, and Designs: Industrial Drawings from the Smithsonian opened January 31 at the Museum of History and Industry in Seattle. Drawn from the rich collections of the National Museum of American History and Smithsonian Institution Libraries, the exhibition documents two centuries of American ingenuity and industry, from inventor's hand to investor's boardroom, from patent office to factory floor.



The Smithsonian Associates (TSA). In the first six months of fiscal year 2004, TSA created 908 different educational programs designed to reach learners of all ages. The programs occurred in 25 states and the District of Columbia, as well as in 38 countries around the world.

TSA's Smithsonian Scholars in the Schools program visited four communities, reaching more than 14,000 people in Detroit, Hartford, Kansas City (twice) and Houston. Fourteen Smithsonian scholars made a total of 118 presentations on topics ranging from Lewis and Clark to space science.

With sponsorship from *Smithsonian Magazine*, TSA presented CultureFest 2003 in Providence, Rhode Island and Portland, Oregon. Highlights included a performance by the Smithsonian Jazz Masterworks Orchestra, and a lecture by marine biologist Carole Baldwin, followed by a book signing and sampling of dishes from her just-published seafood cookbook.

The Resident Associate Program brought to the greater Washington, DC area a wonderful mix of people who are shaping contemporary culture and scholarship. Led by Arthur Gelb, a panel including Richard Reeves, Maureen Dowd and Bernard Kalb considered the role of *The New York Times* in contemporary journalism. Choreographer and dancer Twyla Tharp discussed the creative

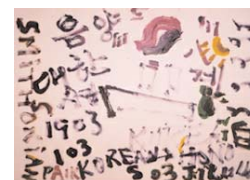
process. National Portrait Gallery director Marc Pachter interviewed David Rockefeller about his remarkable career. And historian John Keegan discussed the influence of intelligence on war operations.

OTHER TRAVELING EXHIBITIONS

A Brush with History: Paintings from the National Portrait Gallery concluded its eight-venue tour at the Smithsonian's International Gallery on February 8, 2004, with a total attendance of nearly 20,000 since it opened there in November. The exhibition of sixty-six paintings of Americans reflects the range of the Gallery's collection, from Joseph Siffred Duplessis's classic depiction of Benjamin Franklin, done in 1785, to Ginny Stanford's 1984 portrait of writer M. F. K. Fisher.



The Smithsonian Asian Pacific American Program brought the traveling exhibition, *Dreams and Reality: Korean American Contemporary Art*, to the Korean American Museum in Los Angeles from October 8 to November 30. The exhibition of modern paintings, sculptures, and installation art features a special work by world-renowned artist Nam June Paik and celebrates 100 years of Korean immigration to the U.S.



Mekong Lifeways presents the results of a two-year training and capacity building program in exhibit research and design organized by the Vietnam Museum of Ethnology, An Giang University, and the Smithsonian Center for Folklife and Cultural Heritage. 33 trainees from 19 Vietnamese Museums carried out research in the folklife of six communities in the Mekong Delta. The exhibition opened in the provincial city of An Giang on January 3 and will travel to Hanoi.

EDUCATION AND PROGRAM HIGHLIGHTS

On January 26, *JASON XV: Rainforests at the Crossroads* was broadcast live from Barro Colorado Island, home of the Smithsonian Tropical Research Institute. More than 1.7 million students and their teachers in 40+ museums and university auditoriums around the world interacted with tropical biology researchers and student "Argonauts" as they explored Panama's forests. Oceanographer Bob Ballard developed this educational expedition for 4th-9th grade students.



At the request of the China Association of Science and Technology, National Science Resources Center (NSRC) and National Academy of Sciences officials have been in extensive discussions about using the NSRC science curricula and the NSRC reform model to improve science learning and teaching in China.

Tracings, a production by Dana Tai Soon Burgess and Co. co-commissioned by the Smithsonian Asian Pacific American Program and the Kennedy Center for the Performing Arts, was performed at the Kennedy Center November 6 and 7, 2003. The program was one of a series of events commemorating the centennial of Korean immigration to the United States.



In collaboration with the nationally renowned choir of Washington's historic Metropolitan Baptist Church and a professional jazz orchestra, the Anacostia Museum staged *Come Sunday: Duke Ellington's Sacred Music with Dance*, a performance of Ellington's music and the world premier of dances choreographed by Mercedes Ellington, the composer's granddaughter. The November 14 program attracted an overflow crowd of more than 1,300 persons.

Approximately 300 people braved a below-freezing night to gather in the Baird Auditorium on January 21 to celebrate the launch of Smithsonian Institution Library's web site featuring digital versions of all 32 volumes resulting from the U.S. Exploring Expedition. The main event was an illustrated lecture by Nathaniel Philbrick, author of *Sea of Glory: America's Voyage of Discovery; the United States Exploring Expedition 1838-1842*. Accompanied by eye-popping images from the publications, Philbrick captured the essence of the voyage and personality of its mercurial leader, Lt. Charles Wilkes.



The Freer Gallery of Art's eighth annual festival of Iranian films concluded with turn-away crowds for two screenings of Abbas Kiarostami's film *Ten* on February 13th and 15th, and an enthusiastically-received program of Iranian cartoons on February 14th, part of the Gallery's Valentine's family day events.

Smithsonian Folkways released five new recordings during this six-month period, including the acclaimed *Abayudaya: The Music of the Jews of Uganda*. Two Folkways recordings, *Jibaro Hasta el Hueso: Mountain Music of Puerto Rico* and *Capoeira Angola 2: Brincando na Roda*, were nominated for 2003 Grammys, and *Viva el Mariachi: Nati Cano's Mariachi Los Camperos* was acclaimed Best Latin Album of the Year by the Association of Independent Music.

OTHER SMITHSONIAN EVENTS

In November, the Smithsonian Astrophysical Observatory (SAO), together with the Academia Sinica Institute of Astronomy and Astrophysics of Taiwan (a 15% partner), dedicated the Submillimeter Array (SMA) telescope on the summit of Mauna Kea in Hawaii. All eight of the telescope's six-meter-diameter radio antennas are expected to work synchronously to achieve a resolving power about equal to that of the Hubble Space Telescope, but in a different, little explored part of the electromagnetic spectrum. Also celebrated was the completion of SAO's new Operations and Support facility in Hilo.



The National Air and Space Museum's annual Trophy Awards Presentation was held on March 3. The 2004 Award for Lifetime Achievement was presented to Neil A. Armstrong for his extraordinary dedication to aerospace. The 2004 Award for Current Achievement was presented to the Milstar (Military Strategic and Tactical Relay) Team for its work in designing, developing, launching and operating the Department of Defense's Milstar Communications Satellite System.

From left: CNN correspondent Miles O'Brien and his wife Sandy, Neil Armstrong and Gen. John Dailey

In December 2003, the Smithsonian Center for Materials Research and Education (SCMRE) marked the 40th anniversary of its founding in 1963 as the Analytical Laboratory. The facility's name was changed to the Conservation Analytical Laboratory in 1964. In 1998, it became the Smithsonian Center for Materials Research and Education to better reflect its mission and programs.

A National Museum of the American Indian press briefing on January 15 at the National Press Club in Washington, DC, focused on the September 21 opening of the new Mall museum before a capacity press corps audience. NMAI Director Rick West delivered an overview speech and fielded questions. The event was broadcast on C-SPAN.

COLLECTIONS HIGHLIGHTS

The National Museum of American History collected 37 artifacts from the wreckage of United Airlines Flight 93. After hearing by phone the fate of the other planes hijacked on September 11, a number of passengers aboard Flight 93 stormed the cockpit. In the ensuing battle for control the plane crashed in an open field near Shanksville, Pennsylvania, killing all 33 passengers, seven crew members, and four hijackers, but sparing what officials believe was an intended target in Washington, DC. This small piece of the wreckage appears to be the stripes from the American flag which was painted on the fuselage towards the rear of the plane.



FOCUSED, FIRST-CLASS SCIENCE

SCIENCE STRATEGIC PLAN

The Science Division held a three-day science strategic planning meeting with more than 80 Smithsonian scientists and other staff December 17-19, 2003 in the Commons. Chairs of the four “theme teams” presented on the overarching areas of scientific study that span units and disciplines: The Origin and Nature of the Universe; Discovering and Understanding Life's Diversity; Human Diversity and Culture Change; and The Formation and Evolution of the Earth and Similar Planets. All participants joined in brainstorming sessions and discussions on what should be the goals and key strategies in the science strategic plan.

SCIENTIFIC ACHIEVEMENTS

National Air and Space Museum Center for Earth and Planetary Studies (CEPS)

- Three scientists from CEPS, Bruce Campbell, John Grant and Tom Watters, are working on MARS spacecraft missions. John Grant's proposal on the Mars Instrument Development Program for development of a ground penetrating radar was selected for funding.



Mars Exploration Rover (MER) measuring “Adirondack” rock.

National Museum of Natural History (NMNH)

- NMNH Director Cristián Samper is among an international group of authors of the new publication, *Ecosystems and Human Well-being: A Framework for Assessment*. This work is a product of the Millennium Ecosystem Assessment, a four-year, \$22-million international program designed to meet the needs of decision-makers for scientific information on links between ecosystem change and human well-being.
- NMNH anthropologist Donald J. Ortner received the British Medical Association's award of *Highly Commended* in the basic and clinical sciences category of the 2003 BMA Medical Book Competition for his book, *Identification of Pathological Conditions in Human Skeletal Remains*. This significant award increases the visibility of this volume among the medical community.

National Zoological Park (NZP)

- NZP hopes to revive its 70+ year history of exhibiting and breeding Pygmy Hippos. A four-year-old male hippo from the San Francisco Zoo arrived at NZP on November 19, 2003, and a female is scheduled to arrive this spring.
- Francisco Dallmeier, Director of NZP's Monitoring and Assessment of Biodiversity (MAB) Program, and MAB staff Michele Lee and Carlton Ward, gave two presentations to the resident community in Gamba, Gabon on the Biodiversity Program and on their new book, *The Edge of Africa*.



Smithsonian Astrophysical Observatory (SAO)

- SAO astronomer Giovanni Fazio and his team are responsible for one of the three research instruments on NASA's new "Great Observatory," the Spitzer Space Telescope. "Spitzer" is designed to study the universe in infrared light, radiation that can penetrate the dust that impedes our optical view of the universe.
- SAO astronomer Harvey Tananbaum, Director of the Chandra X-Ray Center in Cambridge, was awarded the 2004 Bruno Rossi Prize of the American Astronomical Society (together with a colleague) for vision, dedication, and leadership in the development, testing, and operation of the Chandra X-Ray Observatory.



Smithsonian Center for Materials Research and Education (SCMRE)

- SCMRE conducted conservation and materials analysis on two ceremonial Yup'ik masks from NMNH's Nelson Collection, a cache of almost 10,000 objects collected by Edward William Nelson on his Alaskan expedition from 1877 through 1881. Because the masks are important representations of the Yup'ik culture, one main goal was to reassemble the masks correctly and restore them as closely as possible to their original condition.
- Research by SCMRE scientists Marion Mecklenburg and Charles Tumosa showed that environmental limits followed by museums for decades ($70\pm 2^\circ\text{F}$ and relative humidity of $50\pm 5\%$) were unnecessarily stringent, and in some cases were damaging museum property. Their proposed limits ($70\pm 4^\circ\text{F}$ and relative humidity of $45\pm 8\%$) have been adopted by the Office of Facilities Engineering and Operations and will result in significant energy cost savings.



Smithsonian Environmental Research Center (SERC)

- SERC Plant Physiological Ecologist Bert Drake was awarded a 3-year, \$1.67 million renewal grant entitled "Impact of Elevated CO_2 on a Florida Scrub-Oak Ecosystem" by the Department of Energy – the latest round in \$10+ million of continuous funding over 21 years. DoE reviewers of the research cited the unique contribution of Drake's studies, which are the longest running such experiments in the world, and which are at the forefront of elucidating how increasing atmospheric CO_2 will impact the acquisition and storage of carbon in wood and roots by plants in terrestrial ecosystems.
- SERC Marine Ecologist Anson Hines received \$1.36 million in funding over four years from several NOAA programs in fishery and habitat management for his research on Chesapeake blue crabs. Dr. Hines and his team are studying the 84 percent decline of blue crabs in the Bay and testing the feasibility of using hatchery-reared juveniles to enhance the stock of crabs in the nation's largest estuary and crustacean fishery.

Smithsonian Tropical Research Institute (STRI)

- The Fogarty International Institute of the National Institutes of Health awarded \$3.44 million to STRI's International Cooperative Biodiversity Groups (ICBG) for the proposal "Bioassay and Ecology directed drug discovery in Panama." The STRI ICBG proposal received the highest ranking out of 32 applications.

MANAGEMENT EXCELLENCE

MANAGEMENT REORGANIZATION

As part of a reorganization at the Smithsonian in January, Sheila Burke was appointed as the new Deputy Secretary and Chief Operating Officer. In her role as Deputy and COO, Ms. Burke will

continue to oversee American Museums and National Programs (AMNP); she adds to that portfolio the Offices of the Chief Financial Officer, Chief Information Officer, and Facilities Engineering and Operations. Also as part of the reorganization, all of the Smithsonian's vast national and international art collections were joined under a reconfigured Art Division and Ned Rifkin was named the new Under Secretary for Art. Dr. Rifkin now oversees the Archives of American Art; Cooper-Hewitt, National Design Museum; Freer and Sackler Galleries; National Museum of African Art; National Portrait Gallery; and Smithsonian American Art Museum and Renwick Gallery, in addition to the Hirshhorn Museum and Sculpture Garden where he continues to serve as Director. Finally, the National Air and Space Museum and its Steven F. Udvar-Hazy annex at Dulles were moved from AMNP to the Science Division overseen by Under Secretary Dave Evans. Given its focus on earth and planetary science and the history of aviation and aerospace technology, NASM can benefit from closer ties with the National Museum of Natural History and the Smithsonian Astrophysical Observatory.

SMITHSONIAN MANAGEMENT

The first half of fiscal year 2004 saw the departure of several veteran senior managers. In January, the Institution fully met the recommendation of the Science Commission that scientists be appointed to the posts of Director and Associate Director at the National Museum of Natural History.

- **Dr. Hans-Dieter Sues** was appointed Associate Director for Research and Collections at the National Museum of Natural History in January. Dr. Sues is a preeminent paleontologist who was formerly the Associate Director for Science and Collections at the Carnegie Museum in Pittsburgh, PA, and before that at the Royal Ontario Museum in Canada.
- **Thomas Lentz** left his post as Director of International Art Museums on November 15 to become the Elizabeth and John Moors Director of the Harvard University Art Museums. Dr. Lentz had been Director of IAMD since June 2000. He joined the Institution in 1992 as Assistant Director of the Freer and Sackler Galleries.
- **Lucy Spelman** announced on February 25 that she will resign her position as Director of the National Zoological Park, saying that she has become a "lightening rod for attention that has detracted from the work of the Zoo." Dr. Spelman will remain at the Zoo until the end of 2004.
- **Steven C. Newsome** retired from his post as Director of the Anacostia Museum and Center for African American History and Culture on February 28. During his 12 year tenure as Director, the Anacostia Museum underwent a major \$8.5 million renovation. Mr. Newsome will continue his involvement with Smithsonian as an advisor to the Deputy Secretary on the new National Museum for African American History and Culture.
- **J. Michael Carrigan**, founding Director of the Affiliations Program, retired from the Institution on February 27 to become a principal partner in Rohn Design Studios, an international liturgical design firm. Mr. Carrigan launched the highly successful Affiliations Program in 1997. His distinguished 37 year career at the Smithsonian included service as Assistant Director of the National Museum of American History from 1981 to 1994.
- **Carolyn Jones**, Director of the Office of Human Resources, retired in December 2003 after 20 years of distinguished service to the Smithsonian. Carolyn made many important changes in personnel policies and procedures, and her dedication and tenacity earned her the respect of her colleagues across the Institution.
- **Catheryn Hummel** resigned as Comptroller for the Smithsonian Institution in March to focus full-time on her and her husband's residential home construction business. Mrs. Hummel was responsible for implementing financial transaction process reforms and a process of policy compliance reviews that were critical to the Institution's financial management reform agenda. Mrs. Hummel will remain on board through May.

EXTERNAL REVIEWS OF THE NATIONAL ZOOLOGICAL PARK

The National Academy of Sciences issued its Interim Report on the National Zoological Park on February 25. The study team, convened at the request of the House Committee on House Administration, was asked to scientifically review the highly publicized animal deaths at NZP and the Zoo's animal care and management system. Overall, the interim report was candid but critical, with a clear emphasis on problems in seven areas: preventive care, nutrition, animal welfare documentation, policies and procedures, record keeping, pest management, and strategic planning.

On March 17, the American Zoo and Aquarium Association granted the National Zoo a five-year accreditation. NZP was commended for the extraordinary efforts made during 2003 to address every major and minor concern from the prior year, which led to the tabling decision. Points of achievement noted in the report of the Visiting Committee and verbally by the Commissioners during the hearing included leadership and commitment to strategic and capital planning.

MAJOR CONSTRUCTION AND RENOVATION PROJECTS

The Smithsonian has over \$1 billion in revitalization and construction projects under way – ten times more than the Institution did in the last decade – and it is getting them all done and paid for.

Patent Office Building

384,000 gross sq. ft.

\$216.0 million total estimated cost

- The historic Patent Office Building, home to the Smithsonian American Art Museum and the National Portrait Gallery, will reopen on July 4, 2006. The project includes renewal of the 166-year-old building, a 346-seat auditorium, open labs and storage areas, and an enclosed courtyard.
- An appropriation of \$48 million in Federal funds in fiscal year 2004 and \$44.4 million included in the fiscal year 2005 President's request completes the Federal funding of the project.
- The design competition for the covered courtyard is complete. On March 3, 2004, a design contract was awarded to Foster and Partners, an internationally renowned design studio that has won more than 260 design excellence awards and citations. The firm is headed by Sir Norman Foster, recipient of the 21st Pritzker Prize for Architecture and the AIA and RIBA Gold Medal.
- The physical plant renewal contract was awarded in May 2003 and work is now about 30% complete.

National Museum of the American Indian-Mall Museum



350,000 gross sq. ft.

\$219.3 million total estimated cost

- In September 2004, the new Museum will open on the National Mall. The building is over 85% complete and remains on time and within the budget established in January 2001. \$12 million in private sector funds remains to be raised to complete the initiative.
- NMAI has taken beneficial occupancy of third and fourth floor gallery and basement space. Security, facilities management, IT, and exhibit staff have moved into the building. Full beneficial occupancy is scheduled for July 20, 2004.
- Fabrication is under way for the major exhibits: *Our Universes*, *Our Lives*, and *Our Peoples*. The Museum is coordinating with Clark/TMR (the construction contractor) to assure a smooth installation.
- The Center for Folklife and Cultural Heritage, with its long experience in Mall activities, is planning the opening ceremonies. The event will span two weeks, with preview events and public activities focusing on both native cultures and the opening of the Museum.

National Museum of American History, Behring Center



752,000 gross sq. ft.

\$200.0 million total estimated cost

- The National Museum of American History, Behring Center is in the early stages of renovation/renewal. A number of large gifts and agreements permit planning for several exciting exhibits as well as for extensive renovation of the building.
- The estimated total Federal funding is \$52 million – \$45 million for construction and \$7 million for design, planning and security improvements. \$5 million in design and \$3.5 million in revitalization funding has already been appropriated and \$10 million is in the fiscal year 2005 President's request. The remainder is planned for fiscal year 2006 and fiscal year 2007.
- *Public Space Renewal.* Notices to proceed on changes to public corridors and space surrounding the third floor east escalator, and on conceptual design for the entrance pavilions, Flag Hall, Star Spangled Banner exhibit, and public spaces on the first, second and third floors, were issued on February 12.
- *The Price of Freedom.* The \$20 million Hall of Military History will open November 2004. Design and clearing of the footprint are complete and a contract for the exhibition has been issued to Turner Construction.
- *The Star-Spangled Banner.* The Star-Spangled Banner preservation and schematic design for display of the preserved flag are under way and on schedule.

Arts and Industries Building (A&I)

198,000 gross sq. ft.

- In September, the Board of Regents voted to direct the Secretary to seek additional fiscal year 2004 Federal funds "...to allow for the immediate closure of the building and relocation of all staff functions." A&I was closed to the public on January 5.
- The Smithsonian was able to reprogram \$2.6 million in prior year funds and the President's request for fiscal year 2005 includes \$25 million for closure of the building and staff relocation.
- Locations for all offices that will remain in Smithsonian space have been identified and timetables for moves have been finalized. The Institution continues to search for space for A&I occupants that cannot be accommodated in Smithsonian space.

National Museum of African American History and Culture

- Legislation authorizing NMAAHC (P.L. 108-184) was passed by Congress and signed by the President on December 16, 2003. Congress did not provide fiscal year 2004 funding for the new Museum.
- The legislation provides 12 months for site selection. The Smithsonian has a plan to evaluate the four sites and has begun to identify firms to complete the evaluation project.
- The Smithsonian has begun to identify candidates for the new Museum Board and has identified firms to assist in the search for a Director.
- Smithsonian staff are addressing key issues such as mission, collection, facilities, fund raising, communications, and budget. The in-house teams will consult on an informal basis with African American leaders across the country. Smithsonian leadership is committed to consulting widely on issues related to the planning, programming and construction of the new Museum.

National Zoological Park

\$141.6 million total estimated cost

- Significant revitalization of the National Zoo's aging facilities began in 2001 with the renovated Fujifilm Giant Panda Conservation Habitat.
- The planned Asia Trail, a Federal-private partnership with \$12 million in non-Federal funds raised to date, will upgrade 25% of the Zoo, provide a new home for the sloth bears, and expand space for the ele-

phants. Construction of infrastructure for Asia Trail I began in 2003, and the habitat and exhibit construction are scheduled to begin in 2004. A total of \$32.4 million has been appropriated for Asia Trail I, and \$5.3 million for design of Asia Trail II. The total projected cost of Asia Trail (I & II) is \$119 million, which will include \$101 million in Federal funds.

- The newly renovated Mane Restaurant, the only indoor eating facility in the Park, opened in fall 2003. The total cost was \$7.4 million, including \$7 million in Federal funds.
- Kids' Farm construction began in early 2003 and the exhibit will open in mid-2004. The total cost of \$5.2 million was funded from Federal sources – \$5 million for the base construction and \$0.2 million for fabrication and installation of interpretive elements.
- Roof replacement for the Elephant House, Small Mammal House, Reptile Discovery Center, and Ape House is planned to begin in stages in spring 2004. \$4 million was appropriated in fiscal year 2004 for the project, which is expected to total \$10 million for all four buildings.
- Replacement of the Seal/Sea Lion chiller and improvement of the high voltage electrical infrastructure are nearing completion, at a total cost of \$2.2 million. Funding was added to the fiscal year 2003 appropriation for these projects.

MALL-WIDE EXTERIOR SIGN PROJECT

A Mall-wide Sign Project was begun to better inform visitors to the Smithsonian's 11 museums on the National Mall and four museums within walking distance of the Mall. Currently, the variety of Smithsonian sign styles often results in confusion rather than communication. The project will create a recognizable family of new signs placed so that the public can better plan its time and clearly define Smithsonian facilities and building entrances.



INFORMATION TECHNOLOGY UPDATE

Enterprise Resource Planning System (ERP). The Institution has been supported for the last 18 months by the new financial system, and is now focused on improving financial reporting, training, and the year-end close. During the first six months of fiscal year 2004, 23 new reports were implemented including two that support a pilot capability to get payroll reports on-line. Nine new online queries enable users to quickly identify issues and status of vendor payments. Hardware upgrades were installed to improve system performance during peak processing periods, and significant progress was made in redesigning the banking module setup to simplify Federal reporting and bank account reconciliation processes.

The Institution is behind schedule and over budget for the remaining financial system modules that are sorely needed to address weaknesses in project cost accounting and asset management and to replace an obsolete procurement management system. In response, the Institution is forming a dedicated functional team to provide direction to the technical implementation team and has restructured the organizational oversight of the project. Work on additional financial modules will begin once the functional team has addressed identified problems with the deployed system.

The Institution is making good progress on the first phase of the ERP Human Resources Management System and remains on schedule for an October 2004 implementation. The first phase includes: personnel action processing, an interface with the National Finance Center for payroll processing, base benefits, awards, reporting, and security.

Telephone Modernization. During the first half of fiscal year 2004, the Smithsonian continued to modernize its telephone system, having now replaced 40 of the 77 obsolete phone systems. Digital telephones were installed at five museums and the Ripley Center. Work is under way to replace the

telephones at the Natural History Museum and Museum Support Center in Suitland, MD. The project is slated for completion in fiscal year 2006.

Desktop Workstation Replacement. Access to networked automated systems requires robust desktop workstations with high resolution and easy-to-view display devices. The Institution began replacing desktop workstations on a four-year life cycle beginning in fiscal year 2004; it replaced 1,474 obsolete workstations during the first half of the fiscal year.

STRATEGIC PLAN AND PERFORMANCE MEASUREMENT

In the first half of fiscal year 2004, the Institution continued to develop key indicators of program results, including seven new performance metrics for educational outreach. As part of the effort to implement meaningful program outcome measures, the Office of Policy and Analysis will administer an annual survey at all Smithsonian museums beginning in summer 2004 to collect Institution-wide data on visitor satisfaction and experiences in museums and exhibitions.

FINANCIAL STRENGTH

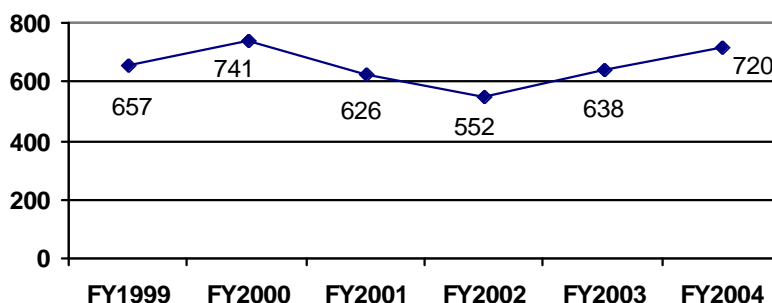
The Smithsonian Institution is in the midst of an energetic revitalization targeted at wiping out a \$1.5 billion backlog of overdue maintenance expenditures and modernizing a huge inventory of old, outmoded exhibits. At mid-year, the financial picture at the Smithsonian is characterized by a cautious optimism that is fueled by considerable momentum from the overwhelmingly positive response to the openings of the National Air and Space Museum's Steven F. Udvar-Hazy Center near Dulles Airport, the Kenneth E. Behring Family Hall of Mammals at the National Museum of Natural History, and the new transportation hall *America on the Move* at the National Museum of American History. Major capital projects, most notably the National Museum of the American Indian, remain on schedule and on budget as projected in 2001.

FINANCIAL PERFORMANCE

At mid-year, fiscal year 2004 shows signs of being another good year financially. The Smithsonian is largely on track to meet budget. Prospects for successful fund raising have contributed to a cautious optimism at mid-year. It is evident that the recent hiring of a number of new museum directors and museum development officers is expected to translate into a more active fund raising environment.

Additionally, the Institution's Endowment has continued to perform well during the fiscal year, outperforming the Institution's policy benchmark. The value of the Endowment is forecast to total \$720 million at year-end, reflecting the strong performance of the capital markets through the first half of the year. An important bellwether of the Institution's financial health, the Endowment's market value (including additions to the Endowment) is projected to increase over the prior year by \$82 million. The total return on the Endowment over the last five years (5.5%) has exceeded the market return (2.8%), placing the Smithsonian Endowment in the top third of Endowments under \$1 billion.

Smithsonian Institution Yearend Endowment Value (\$ in millions)



In fiscal year 2004, the Endowment is forecast to total \$720 million, after accounting for the payout, fees and expenses, and additions to the Endowment.

For fiscal year 2004, the amount included for the Smithsonian by the Administration in its Federal budget request to Congress was not adequate to support the Institution's on-going program. However, thanks to \$18 million added by Congress to the Institution's budget request and \$7 million worth of cost reduction actions taken by the Institution's management, the fiscal year 2004 appropriation will meet the Institution's essential requirements. Cost reduction actions taken by management included a staff buyout program instituted in fall 2003, a moratorium on hiring to fill new positions during the first five months of fiscal year 2003, which resulted in savings used to reduce the Institution's funding requirement for fiscal year 2004, and investments over the last several years in energy conserving initiatives, which generated savings in operations in fiscal year 2004.

Revenues for fiscal year 2004 are forecast to exceed budget by \$25 million. This budget variance is largely due to an increase in funding from government grants and contracts, a forecast increase in private grants, and an increase in Federal revenues that were appropriated by Congress after the budget was prepared.

Expenses for fiscal year 2004 are forecast to exceed budget by \$22 million. This budget variance is due largely to spending associated with both the unbudgeted increase in SAO revenue, largely in the form of an increase in grants and contracts from NASA, and the unbudgeted increase in Federal revenues.

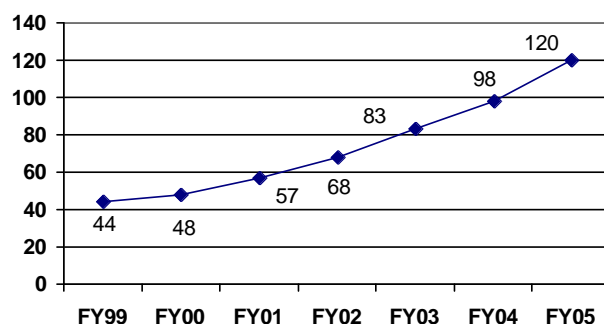
Smithsonian Institution Financial Performance for Fiscal Year 2004 (\$ in millions)

	FY2004 Budget	FY2004 Forecast	Variance To Budget
Revenues	864	889	25
Expenses	808	830	(22)
Endowment Return			
Reinvested	12	73	61
Other	(8)	(7)	1
Budget Reserve	30	30	--
Growth in Net Assets	30	95	65

The mid-year forecasts for revenues and expenses exceed budget by \$25 million and \$22 million respectively. Taken together with the Endowment, which is forecast to outperform the budget by \$61 million, the Institution forecasts an increase in its net assets or worth of \$95 million, owing to a budget reserve of \$30 million.

Securing adequate funds for the revitalization of the Institution's facilities remains the Institution's most pressing financial challenge. While spending on revitalization in fiscal year 2004 represents a marked increase over prior years, the facilities revitalization budget still remains under-funded, and is well short of the \$150 million annual level required over ten years to meet the Institution's needs.

Funding for Smithsonian Facilities Revitalization (Reflects enacted funding through FY2004 and funding request pending before Congress for FY2005)
(\$ in millions)



Funding for the revitalization of the Smithsonian's physical infrastructure totals \$98 million in fiscal year 2004, more than doubling in five years and possibly almost tripling by fiscal year 2005. Nevertheless, funding remains well short of the \$150 million annual goal.

FINANCIAL SUMMARY

The Institution continues to enjoy strong support from Congress at a time when states and local jurisdictions across the Nation are being forced to cut funding for the arts in favor of social services and education. The competition for Federal resources remains fierce given the size of the Federal budget deficit and the Administration's focus on homeland security. The Institution needs to boost fund raising generally and unrestricted revenue in particular.

EXTERNAL AFFAIRS

Through February 2004, the Institution generated nearly \$41 million in private support from individuals, foundations, and corporations, which is 13% ahead of last year's total of \$36.4 million at this time. While the Steven F. Udvar-Hazy Center has opened to great acclaim, fund raising continues strongly for the completion of the restoration hangar, collections, storage, and archives. The National Museum of the American Indian will open this September and is still seeking support for its opening programs and education initiatives. Additionally, the Smithsonian American Art Museum and the National Portrait Gallery are in the midst of a campaign for the renovation of their home, the Patent Office Building, which will reopen in July 2006. The National Museum of American History and the National Museum of Natural History are raising funds for major new permanent exhibitions and refurbishment of key halls.

To date, fiscal year 2004's gifts of \$1 million and above include:

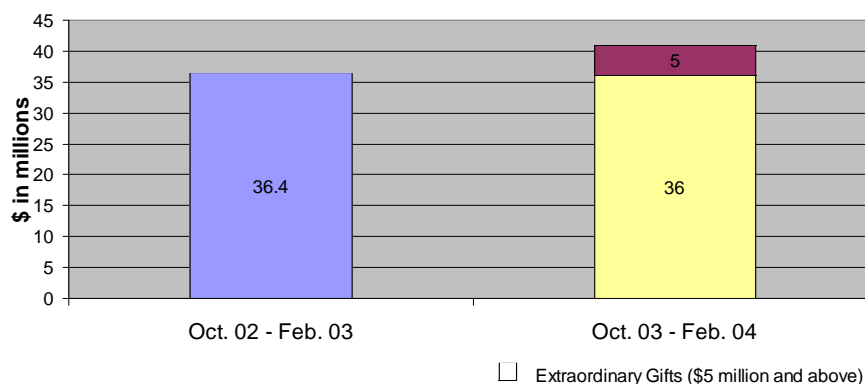
- \$5 million from the Rasmuson Foundation for the National Museum of the American Indian;
- \$3.7 million as an anonymous gift to the National Gem Collection at the National Museum of Natural History;
- \$3 million from John and Adrienne Mars for the restoration hangar at the Steven F. Udvar-Hazy Center;

- \$2 million from ExxonMobil for the *America on the Move* exhibition at the National Museum of American History;
- \$1.5 million from The Coca-Cola Company for restricted use to be determined;
- \$1.5 million as an anonymous gift to the Smithsonian Tropical Research Institute for an endowment and unrestricted use;
- \$1 million from Holenia Trust for acquisitions at the Hirshhorn Museum and Sculpture Garden;
- \$1 million from Robert and Clarice Smith to establish a lecture program at the Smithsonian American Art Museum.

The Contributing Membership has generated more than \$6.1 million in unrestricted funds through March, 11% ahead of last year's total through March of more than \$5.5 million. The program currently has 78,000 members, making it the fifth largest museum membership program in the nation.

The Secretary's Annual Fund, whose origins are in post-9/11 emergency fund raising to counter the steep drop in visitation and related income, has continued to be a solid source of unrestricted revenue for the Institution through two annual appeals. The most recent appeal, mailed in two phases in October 2003 and January 2004, raised nearly \$724,000 through March.

Private Support, October - February, FY2003 and FY2004



SMITHSONIAN BUSINESS VENTURES

During the first five months of fiscal year 2004 (through February) Smithsonian Business Ventures (SBV) contributed net gain of \$8.5 million, which was well ahead of budget and the prior year. The strong performance came from both Magazine and Museum Retail operations, with cost savings driving net gain growth across the businesses.

Smithsonian Magazine achieved net gain of \$1.4 million over budget and \$1.6 million better than the same period last year. Subscriptions showed marked improvement in the first half of the year, which will produce positive long-term financial effects. Advertising revenues remain sluggish, as does the overall consumer magazine advertising market. However, management believes that manufacturing and distribution cost savings combined with circulation improvement will offset any shortfall in budgeted advertising revenues.

The brightest spot in Museum Retail sales (Museum Stores, Restaurants, and IMAX Theaters) in the first half of the fiscal year is the strong performance of the Steven F. Udvar-Hazy Center, contributing greater than anticipated revenue and net gain. Despite reported visitation down 25% over the prior year (5 million visitors versus 6.7 million in fiscal year 2003) in all other locations where

SBV operates, revenues were flat with last year and net gain performance improved substantially due to continuing lower operating costs. While the forced closure of the Arts & Industries museum store and café in January eliminated SBV's fifth highest grossing museum store, better than anticipated results from the Dulles International Airport store and other new initiatives will offset the net gain shortfall.

With improving economic conditions and prospects for increased visitation this summer season, SBV expects to build on the results of the first five months and to meet or exceed the fiscal year 2004 budget goal of \$22.5 million annual net gain from operations.