



*NASM Express Bus “wrapped” with image of the Bell-X1 in front of the Steven F. Udvar-Hazy Center*

## **Report to the Board of Regents September 2004**

## INTRODUCTION

This report presents Smithsonian Institution data for the third quarter of fiscal year 2004 (April 1, 2004 through June 30, 2004) and highlights for the period April through July 2004.

## PUBLIC IMPACT

### VISITS TO THE SMITHSONIAN

The Smithsonian had a total of 7.6 million visits during the third quarter of fiscal year 2004: 5.8 million visits to its museums in Washington, D.C., and New York, 0.7 million visits to the National Zoo, and 1.1 million visits to traveling exhibitions organized by the Smithsonian Institution Traveling Exhibition Service, Smithsonian American Art Museum, and National Portrait Gallery.

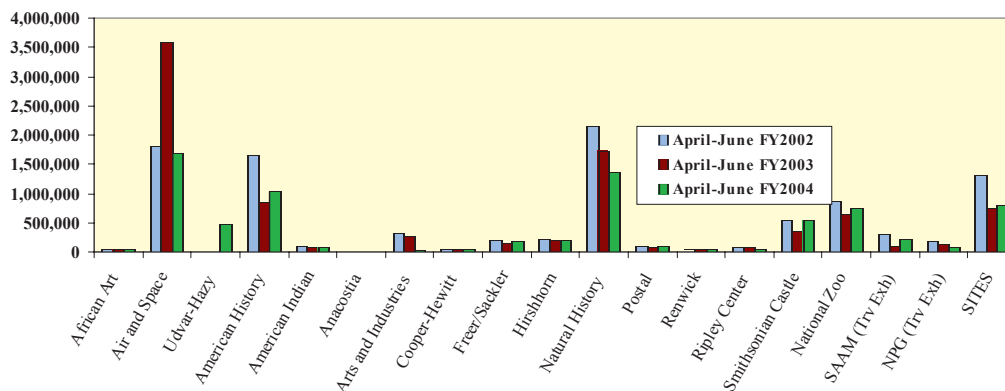
Visits to Smithsonian museums and the National Zoo in April, May, and June were down 19% from the same three month period of the previous two fiscal years. The enormous success of the four-day *Tribute to a Generation: National World War II Reunion* over Memorial Day weekend did not translate into higher museum visitation and, in fact, attendance was down 35% from Memorial Day weekend in 2003. Likewise, attendance at the annual Folklife Festival, June 23 to July 4, was down compared to the 2003 Festival.

Despite the overall decrease in attendance, some museums improved their visit numbers over the same three-month period of fiscal year 2003. Attendance at the National Museum of African Art was up by 11%. The Postal Museum and the National Zoo each had 17% more visits. Visits at the National Museum of American History, with its new transportation hall, *America on the Move*, and the opening of *Separate Is Not Equal: Brown v. Board of Education*, rose by 19%. The Freer and Sackler Galleries saw a 31% increase in attendance, due in part to the popular *Return of the Buddha* exhibition. Finally, the Smithsonian Castle visitors' center recorded a 56% increase in visits.

The National Air and Space Museum's Steven F. Udvar-Hazy Center, adjacent to Dulles Airport, had close to half a million visits in April, May, and June. The Center celebrated its one-millionth visitor in early June—less than six months after its opening on December 15, 2003. And on the horizon . . . the grand opening of the new National Museum of the American Indian on September 21, 2004, is projected to draw record numbers of visitors.

### Visits to Smithsonian Museums and Traveling Exhibitions

3rd Quarter of Fiscal Years 2002, 2003, and 2004



## VIRTUAL ATTENDANCE

Virtual visitors have increased at the Smithsonian's web sites, including the main web site at [www.si.edu](http://www.si.edu) and more than 75 other Smithsonian museum, zoo, and exhibit-specific web sites. The 24.5 million visitors logged during April, May, and June exceeds the 19.3 million web visitors recorded in the corresponding three month period of a year ago and represents a 21.2 % increase in web visitors over the same time period of fiscal year 2003. Despite the seasonal low in virtual visitors, web traffic continues to grow at a steady rate.

- The National Zoo won the Best of the Web Award for Best Overall Museum Web Site for **Conservation Central**, an online habitat education program ([www.fonz.org/ConservationCentral](http://www.fonz.org/ConservationCentral)), at the Museums and the Web 2004 Conference in April.
- The National Museum of American History's web site **Bon Appétit! Julia Child at the Smithsonian** won a gold Muse award in the History and Culture category at the 2004 American Association of Museums meeting.
- *Education World* voted the Hirshhorn Museum and Sculpture Garden's web site an A+ site for its content, aesthetics, organization, and archives-searching capability.
- The Archives of American Art posted a web version of **Metal Matters: Selections from the Papers of Metalsmiths**, an exhibit seen in its New York Gallery from April to July. Besides digital images, the new site has ten audio excerpts of interviews conducted with well-known metalsmiths.
- The National Museum of African Art was chosen by the National Endowment for the Humanities to be included in their EDSITEment project as one of the best online resources for education in the humanities.
- The online version of the Smithsonian Institution Libraries' exhibition **Chasing Venus: Observing the Transits of Venus 1631–2004**, won the 2004 "Award of Triumph" for overall design and execution from Triumph PC Online.
- The Asian Pacific American Program has two additions to its web site. The **Korean American Curriculum** documents the year-long celebration of the centennial of immigration, highlighting Korean American history, literature, and adoptees. The **Asian Pacific American History Collective** presents Asian Pacific American history as it is currently interpreted by scholars.
- Four new Resident Associate Programs were made available through audio streaming and published online as part of the **Voices from The Smithsonian Associates** series. Speakers are political commentator Cokie Roberts, journalists Ken Auletta and Ben Bradlee, actor Robert Duvall, and physician and radio show host Dr. Dean Edell.



## EXHIBITION HIGHLIGHTS

The National Museum of American History, Behring Center, opened the special exhibition, **Separate Is Not Equal: Brown v. Board of Education** on May 15, commemorating the 50th anniversary of this major turning point in American history. The exhibition tells the story of how dedicated lawyers, parents, students, and community activists fought to overcome legal racial segregation in America and traces the fight to bring the injustice of segregated schools before the United States Supreme Court.





Clucks, quacks, and moos have joined the more exotic sounds at the National Zoo with the opening of the **Kids' Farm** exhibit on June 12. Cows, miniature donkeys, goats, chickens, and ducks are the newest members of the Zoo's collection of 2,470 animals. Designed specifically for children ages three to eight and their families, the Kid's Farm covers nearly two acres and comes complete with a bright red barn, a small pasture, and a new duck pond.

The **2004 Smithsonian Folklife Festival** was held June 23 to July 4 on the National Mall and drew approximately 825,000 visitors. *Haiti: Freedom and Creativity from the Mountains to the Sea* marked the 200th anniversary of Haiti's independence and highlighted the cultural creativity that sustains the Haitian people in the face of tremendous political and economic challenges. *Water Ways: Mid-Atlantic Maritime Communities* celebrated the coastal region stretching from Long Island through New Jersey, Delaware, Maryland, and Virginia to the Outer Banks of North Carolina. *Nuestra Musica: Music in Latino Culture* served as a preview for a three-year series by Smithsonian Folkways Recordings exploring how Latinos use music to build community.



**Baseball as America** opened at the National Museum of Natural History on April 3. The nationwide tour marks the first time the National Baseball Hall of Fame treasures have left their legendary home in Cooperstown. Through a range of themes, including immigration, nationalism, integration, technology, and popular culture, the exhibition reveals how baseball has served as both a reflection and a shaper of American society. Over 15,000 visitors a day have gone through *Baseball*.



**Gyroscope** continues at the Hirshhorn Museum and Sculpture Garden to critical and popular acclaim with new installations keeping the project fresh. Galleries are devoted to recent acquisitions, including one of Gerhard Richter's early monochrome paintings and Andreas Gursky's *Arena III*, a stark, arresting photograph of workers preparing a field in a sports arena.

**Playful Performers**, which opened at the National Museum of African Art on April 9, celebrates the role of masquerades in the community and in the education of African children, teaching them life's lessons, respect, and how to work well together. The exhibition is especially for children and the playful at heart, and is an invitation to learn by performing in masquerades and looking at masks.



**Caliphs and Kings: The Art and Influence of Islamic Spain** opened at the Arthur M. Sackler Gallery on May 8. The exhibition brings to Washington for the first time 90 objects from the collection of the Hispanic Society of America in New York, with works dating from the time of the Arab conquest of the Iberian Peninsula in the 8th century to the final phase of Muslim life in Spain in the 16th century.

**Right at Home: American Studio Furniture** opened April 2 at the Smithsonian American Art Museum's Renwick Gallery. Drawn from SAAM's permanent collection, the exhibition highlights the originality, craftsmanship, and personalities of studio furniture artists, and includes both functional works and purely sculptural pieces created from 1990 to the present.



***The Queen's Own: Stamps That Changed the World***, an exhibition of materials from Queen Elizabeth II's own Royal Philatelic Collection, opened April 6 at the National Postal Museum. The collection is considered the finest and most comprehensive holding of British and Commonwealth stamps in the world. The opening was attended by Her Majesty's Ambassador to the United States, Sir David Manning.



***First American Art: The Charles and Valerie Diker Collection of American Indian Art*** opened April 24 at the National Museum of the American Indian's George Gustav Heye Center in New York. The exhibition presents a new way to look at Native art, emphasizing Native voice to reveal, through their objects, the way Native people see the world.

***In Stabiano. Exploring the Ancient Seaside Villas of the Roman Elite*** brings to life the city of Stabiano, which like Pompeii and Herculaneum, was caught in the 79 AD eruption of Mt. Vesuvius. The exhibition at the National Museum of Natural History features some of the most significant archaeological finds including frescoes, bronzes, and domestic objects such as terracotta ware and glassware.



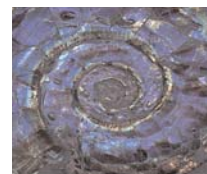
***Solos: FutureShack***, at the Cooper-Hewitt National Design Museum from May 14 to October 10, is the second installment in the *Solos* exhibition series. Designed by Australian architect Sean Godsell, *FutureShack* addresses the shelter needs of refugees and homeless persons through a ready-made, 22-foot-long shipping container, equipped with a minimum of industrial materials.

***All the Stories Are True: African American Writers Speak*** opened at the Anacostia Museum on June 7. Noted poet and author E. Ethelbert Miller guest-curated the exhibition, which features filmed interviews with nine professional writers on how they find inspiration and create characters and how history, politics, and current events affect their writing.



***Chasing Venus: Observing the Transits of Venus, 1631–2004*** opened in the Smithsonian Institution Libraries Gallery at the National Museum of American History. The exhibition tells the story of the transits of Venus using illustrations from the rich collection of rare books in the Smithsonian Libraries and artifacts from the American History Museum and the United States Naval Observatory.

***Ancient Microworlds***, at the National Museum of Natural History, is an exhibit of fossil photographs by Dr. Giraud Foster, an archaeologist, physician, biochemist, and photographer. His technique of placing remarkable specimens under high-magnification reveals the aesthetic as well as scientific uniqueness of these fossils.



## NATIONAL OUTREACH

Through its four outreach offices, the Office of National Programs brought the Smithsonian to 46 states through a variety of traveling exhibitions, artifact loans to Affiliate museums, public programs, and educational workshops.

***Smithsonian Affiliations.*** During the third quarter of fiscal year 2004, Smithsonian Affiliations added one new Affiliate, the Museum of Utah Art and History in Salt Lake City. The program now reaches 137 Affiliates in 39 states, the District of Columbia, Puerto Rico, and Panama. Fifty-eight Affiliates (43%) have now been fully implemented with significant collaborations in place.

The sixth annual Smithsonian Affiliations National Conference and 4th Affiliations/AARP Cultural Alliance Conference were held June 6–9 in Washington, D.C. Eighty-two participants represented 54 Affiliates from 32 states and Puerto Rico. Although the Hill was busy with commemorative services for President Ronald Reagan, the Congressional Reception held June 8 at the National Postal Museum drew 13 attendees from eight congressional offices and committees.

***The Smithsonian Center for Education and Museum Studies (SCEMS).*** On June 24, SCEMS announced the Lemelson Education Initiative, a new funding opportunity for Smithsonian units sponsored by Mrs. Dorothy Lemelson, which will provide \$100,000 to fund a math or science education program for pre-K through 6th grade.

On April 21, SCEMS held a live videoconference with Australian and American high school students on the question *What Is Good Citizenship?*

In June, SCEMS offered two five-day training programs, *Introduction to the Management of Museum Collections* and *Introduction to Museum Public Programs*, at the University of Turabo, a Smithsonian Affiliate in Puerto Rico.

***Smithsonian Institution Traveling Exhibition Service (SITES).*** Cumulatively, in the first three quarters of fiscal year 2004, SITES presented 52 exhibitions in 186 locations in 45 states, the District of Columbia, and Canada.

***In the Spirit of Martin: The Living Legacy of Martin Luther King, Jr.*** ended its exclusive tour to six major museums, having been seen by more than a half-million visitors. This first major exhibition of visual arts celebrating Dr. King featured 118 works by prominent, emerging, and folk artists.



***We Shall Overcome: Photographs from the American Civil Rights Era*** ended its lengthy tour at the Kuhn Library at the University of Maryland Baltimore County. Opening in 1998, the exhibition was shown in 30 cities across the U.S. in a vast array of cultural institutions.

***The Smithsonian Associates (TSA).*** During the third quarter of fiscal year 2004, 543 TSA programs took place in 28 states and the District of Columbia, as well as in 41 countries.

Through its Resident Associate Program (RAP), TSA spearheaded a major celebration of the Campania region of Italy that began in April. The project consisted of two exhibitions and 20 public programs exploring all aspects of the life, culture, and history of the region. Other RAP offerings in this period included a look at the work of Smithsonian ornithologists in *Birds of a Feather; C'est magnifique!*, an introduction to the foods of Provence; and an interview with Nobel Laureate Eric Kandel. RAP programs were also held in conjunction with ***America Celebrates: A Tribute to a Generation***, for the opening of the WWII Memorial.

TSA coordinated a 1½ day symposium, *Saving Our History*, for The History Channel's first national awards program in Washington, D.C. More than 100 students, educators, and historic preservation and media professionals participated in behind-the-scenes tours and presentations by Smithsonian specialists on topics ranging from the Star Spangled Banner project to medical history, the rare book collection, and the business archives.

## OTHER TRAVELING EXHIBITIONS

After closing at the Cooper-Hewitt National Design Museum on July 25, *Shock of the Old: Christopher Dresser* traveled to the Victoria & Albert Museum in London. The exhibition is the first full-scale retrospective of the pioneer industrial designer.



*Ana Mendieta: Earth Body, Sculpture and Performance, 1972–1985*, organized by the Hirshhorn Museum and Sculpture Garden, opened at the Whitney Museum of American Art in New York on July 1. The survey of the exiled Cuban artist's career includes the well-known Silueta Series made in Iowa and Mexico from 1973 to 1980.



## EDUCATION AND PROGRAM HIGHLIGHTS



In May, Nate Erwin, manager of the Insect Zoo at the National Museum of Natural History, was a guest on the *David Letterman Show*, which reaches approximately four million viewers nightly. Nate informed Letterman about the 17-year cicada population and shared samples of delectable ways to prepare the cicadas for consumption, such as tempura and chocolate covered cicadas!

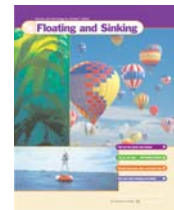
The Smithsonian Center for Latino Initiatives held the first **Smithsonian Institute on the Interpretation and Representation of Latino Cultures** in June and July. The annual institute for graduate students in museum studies and/or working with Latino cultural institutions includes two weeks of course work followed by two weeks of hands-on research and collaboration with Smithsonian units.

Smithsonian Institution Libraries went live with the 26,000-image digital edition of the *Biologia Centrali-Americana* (BCA) on June 7. The BCA is a fundamental work for the study of neotropical flora and fauna and includes nearly everything known about the biological diversity of Mexico and Central America at the time of its publication (1879–1915).



The National Air and Space Museum held a variety of public lectures. The **General Electric Aviation Lecture** was held on April 22 with Col. Joe Kittinger. The **Exploring Space Lecture Series** had lectures in April, May, and June focusing on the latest scientific strategies for detecting life in the universe. At the annual **Charles A. Lindbergh Memorial Lecture** on May 20, NASM Director Jack Dailey and Deputy Director Don Lopez discussed Lopez's long and impressive career. And the first annual **John H. Glenn Lecture** was held at the Udvar-Hazy Center on June 10 with Senator Glenn as the inaugural speaker.

A team of scientists and educators at the National Science Resources Center (NSRC), working with a nationally recognized reading specialist, developed and published a set of 12 *Science and Technology for Children® Books*. Designed for children between the ages of eight and 12, the books highlight Smithsonian science research.



Approximately 13,800 people participated in the National Museum of American History **Flag Day Family Festival** on June 12. Highlights included performances by the Navy Band Sea Chanters and the Fifes and Drums of York Town, living history presentations by Francis Scott Key and a Fort McHenry soldier, and the folding of a 30 x 42 foot reproduction of the Star-Spangled Banner.

The fifth **Anacostia Museum Summer Academy**, a seven week program, served 80 children ages 7 to 14. Working under the theme “Be the Best You Can Be,” Museum staff and community partners used the Olympics to explore physical and mental achievement and African American history.

From May 21 to 23, as part of its *A City of Neighborhoods: Bridging School and Community* education program, Cooper-Hewitt National Design Museum staff partnered with the African American Heritage Preservation for a workshop in the Shaw Historic District in Washington, D.C., at which teachers, architects, students, and community members took part. *Neighborhoods* has been accepted as a National Model on Design Education by the American Architectural Foundation.

Over 500 people attended the **Asian Pacific American Festival**, held at the Natural History Museum on May 9. The family festival featured Chinese lion dance and taekwon do demonstrations, as well as traditional music and dances of Hawaii, Japan, India, Indonesia, Korea, the Philippines, and Taiwan.



In the first full semester at the Udvar-Hazy Center's **Claude Moore Education Center**, education staff and "Aerospace Educators-in-Residence" developed and delivered classroom-based lessons on a variety of aviation and space-related topics to 3,992 students.

This summer, the Office of Fellowships offered awards to 65 scholars, scientists, and students to conduct research in Smithsonian museums and research institutes and offices. Twenty-seven fellowships were in the sciences and 38 in the humanities.

### OTHER SMITHSONIAN EVENTS

The Center for Folklife and Cultural Heritage, together with the American Battle Monuments Commission, staged a major four-day event—*Tribute to a Generation*—to coincide with the dedication of the National World War II Memorial over Memorial Day weekend. Attracting more than 315,000 people to the National Mall, the event had two stages with military bands, jazz orchestras, and period groups such as the Ink Spots. *The Reunion Hall* featured message boards where veterans and their families could reconnect with their service colleagues. *Wartime Stories* used the talk show format to feature prominent veterans including Senators Dole, McGovern, and Simpson. The Smithsonian Center for Materials Research and Education, Center for Archives Conservation, and National Air and Space Museum advised the public on the preservation of their documents and material culture from the World War II era in *Preserving Memories*.



His Royal Highness The Duke of York (Prince Andrew) visited the National Postal Museum on June 15 to view *The Queen's Own: Stamps That Changed the World*, the exhibition of his mother Queen Elizabeth II's philatelic materials. At a reception honoring The Duke of York, Smithsonian Secretary Larry Small presented him with a piece of Smithsonianite.



On June 22, the **Cardinal Direction Markers** were blessed and celebrated on the Mall building site of the National Museum of the American Indian. NMAI collaborated with the Dogrib (Tlicho) community in Yellowknife, Alberta, the Yagán community in southern Chile, the Hawaii Volcanoes National Park Elders Advisory Committee in Hawai'i, the Maryland Commission on Indian Affairs, and the Virginia Council of Indians on the acquisition of the 5,000-pound stones that mark the four directions of the Western Hemisphere.

### COLLECTIONS HIGHLIGHTS

The Vietnam-era Bell UH-1H "Huey" Helicopter was flown in to the National Mall for donation to the National Museum of American History, Behring Center. The helicopter will be a centerpiece of the new Military History exhibition *The Price of Freedom*, which opens November 11, 2004.



Photo by Hugh Talman





A litter of three endangered male Sumatran tiger cubs was born at the National Zoo on May 2. Sumatran tigers are found only on the Indonesian Island of Sumatra in habitat that ranges from lowland forest to mountain forest. Fewer than 500 tigers are believed to exist in the wild and 210 live in zoos around the world. The three new cubs are the third generation born at the National Zoo.

The Lance Armstrong Foundation donated the yellow jersey from Lance Armstrong’s 2002 Tour de France win to the National Museum of American History. Armstrong, a cancer survivor, is the first person to win the prestigious title six consecutive times.



## FOCUSED, FIRST-CLASS SCIENCE

### SCIENCE DIVISION

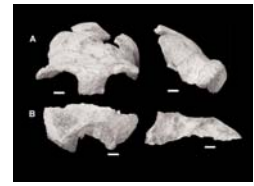
On July 14, the President of Mongolia, Natsagiyn Bagabandi, attended the signing of a Memorandum of Understanding between the Smithsonian and the Mongolian Institution, the Mongolian Academy of Science, the Museum of Mongolian National History, and the Museum of Mongolian Natural History. The Memorandum, signed by Under Secretary for Science David Evans and Mongolian Ambassador Ravdan Bold, grew out of a week-long symposium in Ulaanbaatar May 30–June 6 that included conservation training by Smithsonian Center for Materials Research and Education senior objects conservator Harriet Beaubien.



### SCIENTIFIC ACHIEVEMENTS

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

- In the July 2 issue of *Science*, NMNH scientists Richard Potts, Kay Behrensmeyer, and Jennifer Clark and their co-authors reported on the remarkable discovery of a partial skull attributable to *Homo erectus* at Olorgesailie, a world-famous site for Paleolithic stone tools in southern Kenya. The fossil, dating from 970,000 to 900,000 years ago, represents an unusually small adult or near-adult, suggesting that *Homo erectus* showed much greater diversity in body size than traditionally assumed.
- NMNH research botanist Dieter Wasshausen and co-author J.R.I. Wood (University of Oxford) published a monograph on “Acanthaceae of Bolivia” in the *Contributions of the U.S. National Herbarium* 49:1-152; 2004. The taxonomic treatment discusses all known Bolivian species of the Acanthaceae. Two new species, *Dicliptera palmariensis* and *D. purpurascens*, are described and illustrated for the first time.



#### *National Zoological Park (NZZP)*

- NZZP scientists led a U.S. team that conducted giant panda medical diagnostic examinations at the Chengdu Research Base of Giant Panda Breeding in China. The U.S. team and veterinary staff at the Chengdu Base performed complete health evaluations on 12 giant pandas, ranging from 10 months to 19 years, including physical exam, blood screens for clinical health and toxicology, disease exposure (serology), and ultrasonography of abdominal and reproductive organs.



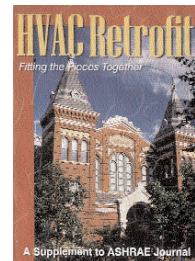
### ***Smithsonian Astrophysical Observatory (SAO)***

- Images from SAO's Infrared Array Camera aboard NASA's Spitzer Space Telescope were the centerpieces of four press conferences at the American Astronomical Society's annual meeting in Denver in May. The instrument continues to operate at high efficiency, returning stunning images that reveal phenomena never before seen.
- On April 20, after four decades of development, the spacecraft containing the GRAVITY PROBE-B experiment was launched into earth orbit to begin a 1½ year study of the behavior of its four ultra-precise, superconducting gyroscopes. The experiment is designed to make precise measurements of inertial space near the spinning earth, as predicted by Einstein's theory of general relativity, and thus provides a key piece of empirical guidance to theoretical physicists engaged in their archetypal task: the "grand unification" of the theories of the four known fundamental physical forces of physics.



### ***Smithsonian Center for Materials Research and Education (SCMRE)***

- SCMRE senior research scientists Marion Mecklenburg and Charles Tumosa, along with Alan Pride of the Office of Facilities Engineering and Operations, authored "Preserving Legacy Buildings," the cover story in the June 2004 *ASHRAE Journal* (American Society of Heating, Refrigerating and Air-Conditioning Engineers.) The article discusses new environmental guidelines and ways of preserving, retrofitting, and reducing energy costs in Smithsonian buildings that can be adapted to any building housing cultural collections.



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

- SERC geographic modeler Matthew Baker is serving on the Nature Conservancy's Emiquon Project, which seeks to restore nearly 8,000 acres of floodplain along the Illinois River south of Peoria to provide habitat for a number of rare and threatened species and a dwindling floodplain community. This is the first attempt to restore natural floodplain processes along a large river anywhere in the U.S.
- The results of a team, led by SERC scientists Bert Drake, David Johnson, and Graham Hymus, researching effects of increased CO<sub>2</sub> at SERC's CO<sub>2</sub> field site in Cape Canaveral, Florida, were published in the May 8 issue of *Science*. The team's findings indicate that increasing concentrations of carbon dioxide in the atmosphere may actually reduce the growth of plants in the bean family, the so-called nitrogen fixers.

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

- New species of coral were discovered and described in an article in the journal *Zootaxa* by STRI marine scientist Héctor Guzmán and collaborator Odalisca Breedy. The species are distributed along the Pacific coast of Panama, inside Coiba National Park and the Gulf of Chiriquí. One of the new species, *Pacifigorgia smithsoniana*, was named in honor of STRI.
- The book *Abejas de orquídeas de la América tropical: Biología y guía de campo* (*Orchid bees of tropical America: Biology and field guide*) by STRI entomologist David W. Roubik and Paul E. Hanson of the University of Costa Rica was published by *Editorial INBio* in Costa Rica.



## MANAGEMENT EXCELLENCE

### SMITHSONIAN MANAGEMENT

During the third quarter of fiscal year 2004, the search was concluded for two new directors of research units under the Science Division: the Center for Astrophysics in Cambridge, Massachusetts, a collaboration between the Smithsonian Astrophysical Observatory (SAO) and the Harvard College Observatory (HCO), and the Center for Materials Research and Education.

- **Charles R. Alcock** was jointly appointed by the Smithsonian and Harvard University to be Director of the Harvard-Smithsonian Center for Astrophysics (CfA) beginning August 1, 2004. Prior to his appointment, Dr. Alcock was the Reese W. Flower Professor of Astronomy and Astrophysics at the University of Pennsylvania. As the new CfA Director, Dr. Alcock will manage more than 900 employees, including more than 300 scientists, and an annual budget of \$110 million. **Irwin I. Shapiro**, Director of the Harvard-Smithsonian Center for Astrophysics since 1983, will remain at the Center as the Timken University Professor at Harvard and as a Senior Scientist at SAO. Under Dr. Shapiro's leadership, the CfA implemented many groundbreaking projects including the Submillimeter Array and key areas of NASA's Chandra X-Ray Observatory mission.
- **Robert J. Koestler** was named Director of the Smithsonian Center for Materials Research and Education (SCMRE), effective August 30. Dr. Koestler is an entomologist and cell biologist known for his advancements in art conservation. Prior to joining the Smithsonian, he was a Research Scientist at the Metropolitan Museum of Art and at the American Museum of Natural History in New York.
- **Anna Escobedo Cabral**, Director of the Smithsonian Center for Latino Initiatives, was nominated by President Bush to serve as Treasurer of the United States. Ms. Cabral will remain at the Smithsonian until the Senate confirmation process for the position is completed.
- **Jim Douglas** was appointed Director of the Office of Human Resources (OHR) in July after an eight-month national search culminated in his selection. Mr. Douglas has been with the Smithsonian since 1977. He was Deputy General Counsel before becoming Acting Director of OHR earlier this year.
- **Andrew J. Zino** was appointed Comptroller for the Smithsonian effective July 11. Mr. Zino worked for Booz Allen Hamilton since 1997; he has over 30 years of experience with project management, financial planning and review of management systems, financial and economic analysis, and risk assessment.
- **Harold A. Closter** was appointed Director of Smithsonian Affiliations in August. Mr. Closter, who has served in various posts at the Smithsonian for 27 years, has been Acting Director of Affiliations since March; prior to that he was Senior Management Advisor in the Office of National Programs.

### 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 168-year-old building and the creation of a 346-seat auditorium, open labs and storage areas, and a courtyard enclosure.
- 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 concept design for the covered courtyard was approved by the Commission on Fine Arts in June and received conditional approval from the National Capital Planning Commission in July.



- The courtyard schematic design is complete and a subcontractor who will fabricate the enclosure has been identified.
- The physical plant renewal is now about 40% complete. Rough-ins are under way for pipe and duct risers, electrical conduit, and utilities. Foundation work continues in the courtyard area.

### ***National Museum of the American Indian-Mall Museum***

**350,000 gross sq. ft.**

**\$219.3 million total estimated cost**

- On September 21, 2004, the new Museum will open on the National Mall. The building is over 95% complete and remains on time and within the budget established in January 2001. Fund-raising goals for the building have been met.
- Full beneficial occupancy occurred on July 12, 2004.
- Fabrication and installation is under way for the major exhibits: *Our Universes*, *Our Lives*, and *Our Peoples*.
- 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 have already been appropriated, and \$10 million is in the fiscal year 2005 President's request. The remainder is planned for fiscal years 2006 and 2007.
- Public Space Renewal. Construction is 45% complete for the first package of improvements to public corridors and space surrounding the third floor east escalator. The schematic design for the entrance pavilions, Flag Hall, Star Spangled Banner exhibit, and public spaces on the first, second, and third floors will be complete in August 2004.
- *The Price of Freedom*. The \$20 million exhibit replacing the Hall of Military History will open on November 11, 2004. Exhibit fabrication is under way and construction is 60% complete.
- The Star Spangled Banner. Preservation of the flag and schematic design for its display are under way and on schedule.



### ***Arts and Industries Building (A&I)***

**198,000 gross sq. ft.**

- In September 2003, 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 and functions." A&I was closed to the public on January 5.
- The Smithsonian was able to redirect \$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 is engaged in a search for additional leased space for A&I occupants and programs that cannot be accommodated in owned or currently leased Smithsonian space.



- Additional surveys and testing of the roof and major building systems have been performed and temporary repairs are being made to ensure the safety of occupants and equipment. A new connection to GSA chilled water service will be made during the winter of 2004/2005 to permit decommissioning of the failing chillers in the building that serve both A&I and the Castle.

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

- The search for the director is progressing. The Search Committee held several meetings and Boulware, a minority-owned search firm, was selected in July.
- The selection of candidates for the Advisory Council of the new museum has been virtually completed with only one remaining vacancy. The final list will be submitted to the Regents for their consideration at their September meeting. An outstanding group has been assembled.
- Planning for collections continues. A Smithsonian-wide meeting was held in early July and a committee was formed to survey current holdings within the Institution.
- The analysis of sites awaits fiscal year 2005 funding. The Smithsonian has identified a consulting firm, audited its labor rates, and is negotiating a fee in anticipation of an early fiscal year 2005 start.
- The communication plan is being implemented through the continual update of the web site, and two town hall meetings with interested staff have been held since the beginning of the year.
- Briefings on the Hill have been scheduled for the fall to keep members up to date on the Institution's progress.

### ***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 elephants. Construction of infrastructure for the first phase of Asia Trail began in 2003, and the habitat and exhibit construction began earlier this year. A total of \$32.4 million has been appropriated for the first phase, along with \$5.3 million for design of the second phase. The total projected cost of Asia Trail is \$119 million, which will include \$101 million in Federal funds.
- The Kids' Farm opened June 12, 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.

#### **INFORMATION TECHNOLOGY UPDATE**

***Enterprise Resource Planning (ERP) System—Financials.*** The Smithsonian implemented the first phase of the ERP financial management system, including general ledger, accounts payable, and purchasing modules, in October 2002. However, it is behind schedule and over budget for the remaining financial modules that are sorely needed to address weaknesses in project cost accounting and asset management and to replace an obsolete procurement management system. The Institution revised the budget and implementation schedule based on a better understanding of the *PeopleSoft* software modules and the need to establish a dedicated team of financial experts to provide functional direction to the ERP technical team. The new schedule reflects a three-year slip in full implementation of the financial system.

***Enterprise Resource Planning (ERP) System—Human Resources Management System (HRMS).*** The Institution established a steering committee and work groups in April 2003 to implement the *PeopleSoft* HRMS. The first of four phases of HRMS implementation will occur in October 2004.

**Telephone Modernization.** The Smithsonian began implementing a modern telephone system in February 2003 that will reduce costs, improve reliability, and provide for growth. The Institution has replaced 40 of the 77 mostly obsolete telephone systems and has implemented a “911” emergency response capability.

**Desktop Workstation Replacement.** The Institution replaced 1,987 obsolete desktop workstations. This is the first year of a periodic replacement program.

### STRATEGIC PLAN AND PERFORMANCE MEASUREMENT

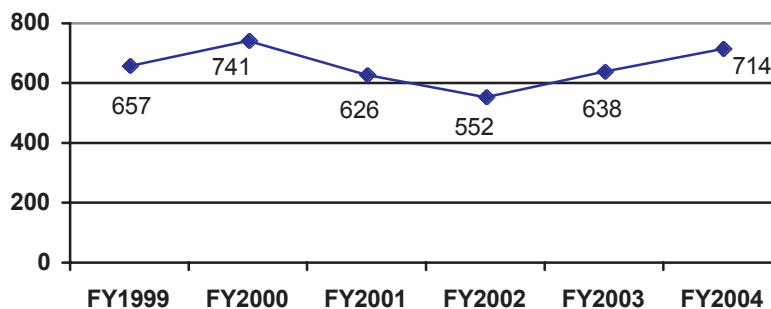
To address Office of Management and Budget criteria in the Budget and Performance Integration Initiative of the President’s Management Agenda, the Institution restructured the performance goals and objectives in its Strategic and Annual Performance Plans to better align with the program categories in its Federal budget and financial accounting system.

The Office of Policy and Analysis conducted a visitor opinion survey at all Smithsonian museums in June and July. The survey will provide baseline data for several performance measures in the Institution’s Strategic Plan including visitor satisfaction with museum visit outcomes such as enjoyment, learning, personal relevance, and appreciation of museum objects.

### FINANCIAL STRENGTH

As fiscal year 2004 comes to a close, the Smithsonian is largely on track to meet its budget, including its fund-raising goal. The Institution's Endowment has continued to perform well during the fiscal year, outperforming the Institution's benchmark. At year-end, the value of the Endowment is forecast to total \$714 million, reflecting the performance of the capital markets through June 2004—and the benchmark for the remaining months of the fiscal 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 \$76 million. The total return on the Endowment over the last five years (4.5%) has exceeded the market return (2.4%), placing the Smithsonian Endowment in the top third of Endowments under \$1 billion.

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



*In fiscal year 2004, the Endowment is forecast to total \$714 million, after accounting for the payout, fees and expenses, and additions to the Endowment, a reflection of the performance of the capital markets through nine months of the fiscal year.*

## FINANCIAL PERFORMANCE

As fiscal year 2004 draws to a close, it shows signs of being another good year financially. The excitement of new museum and exhibit openings generated considerable positive momentum, which carried the Institution through the year. Unfortunately, the reported count of museum visitors through June has held well below the fiscal year 2001 recorded levels. And the declaration in August of a Code Orange Homeland Security Alert around major financial institutions in New York and Washington, D.C., has notably tempered what had been a guarded optimism about the prospect of improved museum visitation and the increases in retail business that would bring.

The retail business in the Washington-based museums is doing well, and *Smithsonian Magazine* is posting a strong performance, exceeding its budget for fiscal year 2004. However, the scarcity of unrestricted Trust resources once again prompted management to take significant actions to reduce unrestricted Trust expenses to meet the Institution's goals in fiscal year 2004. A trust staff hiring freeze managed by the senior leadership has strategically approved one unrestricted Trust-funded hire for every two positions lost at the Smithsonian.

Combined Federal and Trust revenues for fiscal year 2004 are forecast to fall short of the budget by \$9 million. To clarify this “shortfall,” note that Federal “revenues” identify *only* those funds drawn into Smithsonian accounts—and that Federal funds are withdrawn from the Treasury *only* as the Smithsonian incurs expenses. Federal expenses (and therefore revenues) fell short in part because of delays in the National Capital Planning Commission’s approval of the design of physical security barriers. The drop in Trust revenue is largely due to continuing losses at Smithsonian Institution Press. Management has decided to write off part of the Press’s assets in order to exit what has been a high risk and ultimately unprofitable business.

The negative budget variance in revenue is offset in part by an increase in funding from government grants and contracts (primarily to the Smithsonian Astrophysical Observatory) from the National Aeronautics and Space Administration (NASA), an increase in income from Smithsonian Business Ventures, and a small increase in private grants and investment interest income.

Expenses for fiscal year 2004 are forecast to exceed budget by \$18 million. This budget variance is due to spending associated with the unbudgeted increase in grant and contract revenue from NASA and an unbudgeted non-cash charge for Federal depreciation.

### Smithsonian Institution Financial Performance for Fiscal Year 2004

(\$ in millions)

	FY2004 Budget	FY2004 Forecast	Variance To Budget
<b>Revenues</b>	864	855	(9)
<b>Expenses</b>	808	826	(18)
<b>Endowment Return</b>			
<b>Reinvested</b>	12	73	61
<b>Other</b>	(8)	(11)	3
<b>Growth in Net Assets</b>	60	91	31

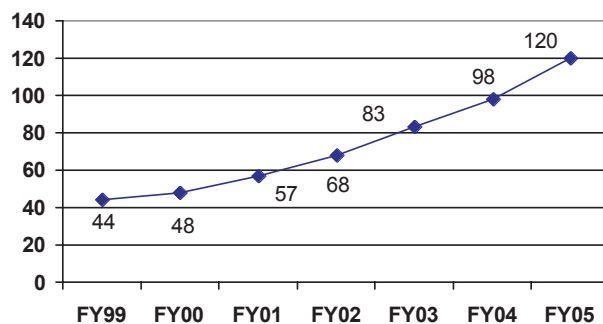
*The forecast for revenues falls short of the budget by \$9 million, while the forecast for expenses exceeds budget by \$18 million. Taken together with the Endowment, which is forecast to outperform the budget by \$61 million, the Institution forecasts an increase in its net assets of \$91 million.*

## FINANCIAL SUMMARY

The Smithsonian Institution has embarked on the most energetic revitalization program in its history, targeted at eliminating a \$1.5 billion backlog of overdue capital repairs and modernizing a huge inventory of old, outmoded exhibits. Three years after the release of the Congressionally mandated report of the National Academy of Public Administration (NAPA), however, the Smithsonian's budget for physical infrastructure remains inadequate. While considerable progress has been made, the budget is short of the \$150 million per year required to achieve the funding levels called for in the NAPA report. And the funding requirements established by the NAPA report are now understated as the Smithsonian adds new buildings to its inventory (the Udvar-Hazy Center and the National Museum of the American Indian, in particular) that were not included in NAPA's calculation.

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 confronts a need to boost fund raising generally and unrestricted revenue in particular. But securing adequate Federal funds for the revitalization of the Institution's facilities remains the Institution's most pressing financial challenge.

### **Funding for Smithsonian Facilities Revitalization (reflects approved funding through Fiscal Year 2004; Fiscal Year 2005 funding request pending before Congress)** (\$ 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. Nevertheless, funding remains well short of the \$150 million annual goal.*

## EXTERNAL AFFAIRS

Through June 2004, the Institution raised \$69.9 million in private support from individuals, foundations, and corporations, which is nearly 15% ahead of last year's total of \$60.7 million at this time and nearly 64% of this year's goal of \$110 million. There have been numerous gifts in support of the National Museum of the American Indian's opening programs and festivities in September. Fund raising continues to gain momentum for second phase construction of the Steven F. Udvar-Hazy Center, which will include completion of the Space Hangar and the Restoration Wing. The campaign for the renovation of the Patent Office Building is mounting a vigorous initiative towards meeting a challenge grant for the Visible Conservation Center. A Smithsonian National Board member has pledged \$4 million for the Center if the Smithsonian can raise an additional \$6 million by the end of the year. To date, \$1.8 million has been contributed toward the challenge.



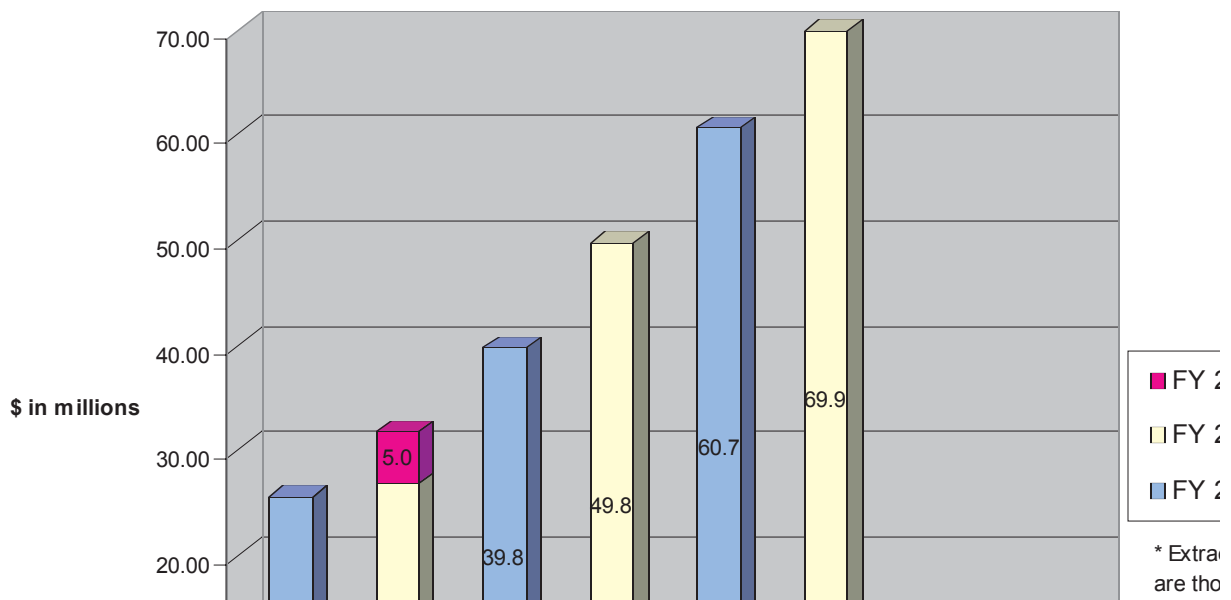
Gifts of \$1 million and above in this quarter include:

- \$2 million from Northrop Grumman Corporation for the second phase of construction of the Steven F. Udvar-Hazy Center;
- \$2 million from Mr. Landon T. Clay for the Smithsonian Astrophysical Observatory's participation in the Giant Magellan Telescope project;
- \$2 million as an anonymous gift for the Patent Office Building renovation;
- \$1.5 million from the Comer Foundation for the Center for Photography;
- \$1 million from Richard O. Ullman for the National Museum of the American Indian.

The Contributing Membership has generated nearly \$9.6 million in unrestricted funds through June, 14% ahead of last year's total at this time of \$8.4 million. The program currently has 80,000 members, its largest-ever total, placing it in the top 3% of museum membership programs nationwide. It has been a very successful year for acquiring new members and retaining loyal supporters.

The Secretary's Annual Fund, an appeal that was mailed in two phases in October 2003 and January 2004, has raised nearly \$760,000 through June. The appeal still resonates immensely with Contributing Members and Friends who provide 86% of the responses.

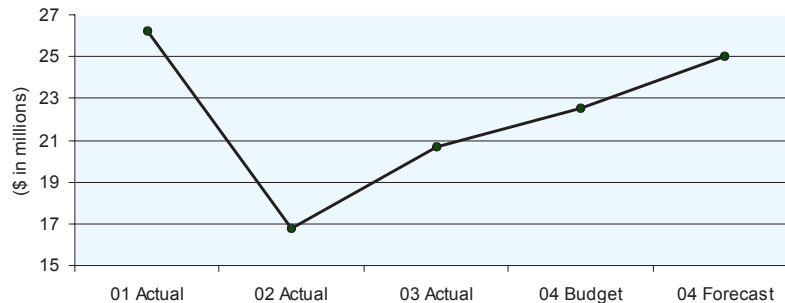
### Fiscal Years 2003 and 2004 Fund Raising, October to June



## SMITHSONIAN BUSINESS VENTURES

At the end of the third quarter of fiscal year 2004, Smithsonian Business Ventures (SBV) is ahead of Budget as well as prior-year third quarter results. Net gain from SBV operations through June 30 was \$21.2 million, and management is forecasting that full year results will exceed the \$22.5 million budget and be 20% over fiscal year 2003 results. This growth is driven by the performance of both *Smithsonian* Magazine and the Museum Retail group.

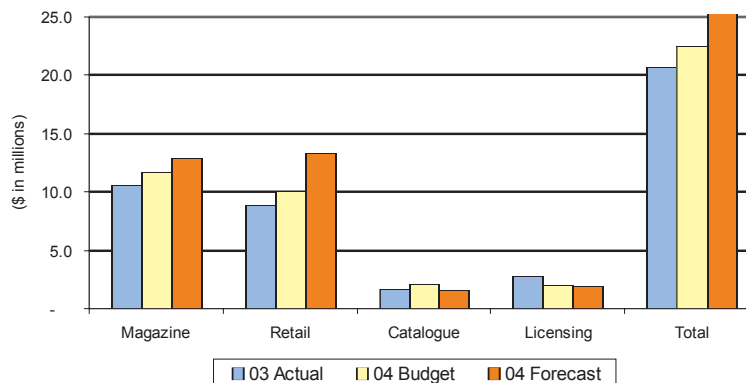
### SBV Consolidated Net Gain: Fiscal Years 2001–2004



Importantly, *Smithsonian* Magazine advertising appears to be recovering from the advertising recession. Total ad pages sold through June were up over fiscal year 2003, commensurate with industry performance. Continuing improvement in net gain from Smithsonian's paid circulation, along with production savings, are contributing to strong net gain margins for the Magazine group.

Most of SBV's revenue growth in fiscal year 2004 is driven by increased sales from the Museum Retail group (Museum Stores, Restaurants, and IMAX Theaters). Through June, Museum Retail revenues were up 8% over Budget and 28% over the prior fiscal year. Despite a decrease in reported visitation compared to last year in locations where SBV operates, the Museum Retail group net gain was up over the prior fiscal year, driven by increased sales per visitor at museums, incremental sales from the new Udvar-Hazy Center, and lower operating costs.

### SBV Consolidated Net Gain by Business Group: Fiscal Years 2003–2004



## Major highlights:

- A successful collaboration with the Center for Folklife and Cultural Heritage and The American Battlefield Monuments Commission for retail sale of products commemorating the dedication of the new WWII Memorial contributed substantial incremental sales in the third quarter of fiscal year 2004. Twenty-two products were developed and sales continue through the American History and Air and Space Museum Stores and through the Web.
- Other initiatives that contributed to net gain and offset lost revenue from the closure of the Arts and Industries Building include: a temporary *Baseball* exhibition store at the Natural History Museum; extended summer hours at the American History Museum; and on-going extended summer hours at the Natural History Museum.
- A prototype for airport stores outside of the metropolitan D.C. area opened at Newark International Airport in July. The prototype store merchandise features more jewelry and gifts compared to the souvenir merchandise found in the Reagan National and Dulles airport stores.
- Licensed publishing received two awards: The DK Publishing, Inc./Smithsonian book *Earth* was awarded 1st Place in the Scholarly and Reference category at the 18th Annual New York Book Show. The Soundprints/Smithsonian children's book *Groundhog at Evergreen Road* won the 2004 Benjamin Franklin Award from the Publisher's Marketing Association.
- On-site membership sales efforts in the Museum Stores and at information desks are on plan for fiscal year 2004 with a 65% increase in membership sales over last year. Distribution of the ad-supported visitors guide *My Smithsonian* has been increased by 17% to accommodate demand in museums and at locations around the District.
- The Museum Retail group's two year collaboration with the National Museum of the American Indian will culminate in September with the opening of over 6,300 square feet of retail space and a 14,709-square-foot restaurant in the new Museum. Extensive merchandise and food planning was conducted to ensure authentic representation from over 33 tribes in five different regions.
- In June, Deputy Secretary Burke announced the transfer of Smithsonian Journeys, the travel tour operations of The Smithsonian Associates, to SBV. The completed transition is set for October 1.
- SBV continues to hold discussions with potential joint venture partners to establish a Smithsonian cable television service. The project was set back last fall when the Liberty Media Board failed to approve the investment requested by their Starz Encore Group subsidiary. Liberty Media has since expressed renewed interest in a co-branded offering of the Smithsonian and Discovery Communications, and discussions are ongoing with Discovery and other media companies.

