

## MINUTES OF THE DECEMBER 7, 2015, FINANCE COMMITTEE MEETING

The Finance Committee (“Committee”) of the Board of Regents of the Smithsonian Institution (“Smithsonian”) held a meeting on December 7, 2015, at the Smithsonian Castle in Washington, DC. Participating were Committee Chair David Rubenstein\* and Committee members Senator David Perdue, Representative Xavier Becerra\*, John Fahey, John W. McCarter, Jr.\*, and Roger Sant.\* Board and Executive Committee Vice Chair Dr. Shirley Ann Jackson\* and Board Member Michael Lynton\* also participated in the meeting.

Also present by invitation of the Committee were Secretary David Skorton; Acting Chief of Staff to the Secretary Greg Bettwy; Smithsonian Enterprises Vice President of Finance and Administration Bruce Dauer; Office of the Regents Senior Researcher and Writer Jennifer Ehlinger (recorder); Director of the Office of Finance and Accounting Jean Garvin; Inspector General Cathy Helm\*; Under Secretary for Finance and Administration/Chief Financial Officer Albert Horvath; General Counsel Judith Leonard; Smithsonian Enterprises President Chris Liedel; Deputy Chief of Staff to the Regents Rachel Parker; Director of Government Relations Nell Payne; Director of Planning, Management, and Budget David Voyles; and Chief of Staff to the Regents Porter Wilkinson.

### CALL TO ORDER

Committee Chair David Rubenstein called the meeting to order at 3:02 p.m.

### APPROVAL OF THE AUGUST 27, 2015, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the August 27, 2015, Committee meeting were approved without modification.

### UPDATE ON FISCAL YEAR 2015 FINANCIAL RESULTS

Under Secretary for Finance and Administration/Chief Financial Officer Albert Horvath briefed the Committee on the fiscal year-end financial data as of September 30, 2015. Revenues for the fiscal year totaled \$1.6 billion, with total federal appropriations available at \$1.080 billion, including \$819.5 million from the fiscal year 2015 federal appropriation, \$260 million from the fiscal year 2014, and prior federal appropriations still available for use.

Mr. Horvath reported that the Smithsonian’s main trust revenue sources of gifts, business activities, and sponsored research all performed ahead of budget for the year. The Smithsonian raised \$230 million in gifts and grants, compared to \$222.4 million in the previous year. He noted that Smithsonian Campaign has raised \$1.265 billion, or 84 percent of the \$1.5 billion goal.

*\*participated by telephone*

Government grants and contracts, and private grants generated \$143.2 million, compared with \$126.6 million in 2014. Finally, Smithsonian Enterprises generated \$156.7 million in revenue, which is 4.7 percent higher than its projected budget of \$149.6 million.

#### **FISCAL YEAR 2016 FEDERAL APPROPRIATIONS**

Mr. Horvath then presented the preliminary budget for fiscal year 2016. The Smithsonian started the fiscal year operating under a Continuing Resolution (“CR”). In June, both the Senate and House Interior Appropriations Subcommittees reported bills providing \$819.5 million for the Smithsonian. Since early November, the Smithsonian has discussed with members of Congress, various funding scenarios ranging from \$15 million to \$35 million above the fiscal year 2015 enacted levels. If the fiscal year 2016 appropriation is set at the fiscal year 2015 enacted levels through a CR, the Smithsonian will likely have the opportunity to submit an operating plan, which will allow for the flexibility of moving funds from Facilities Capital to Salaries and Expenses.

#### **FISCAL YEAR 2017 FEDERAL BUDGET REQUEST**

Mr. Horvath updated the Committee on the fiscal year 2017 federal budget request to the Office of Management and Budget (“OMB”). The Smithsonian submitted three options to OMB per its guidance, including a full requirements budget and two budgets at reduced levels. The Smithsonian received the OMB Passback on December 2, 2015, which was slightly above the lowest of the reduced budgets. The Smithsonian responded to the Passback on December 4, 2015, requesting an additional \$7 million for Salaries and Expenses necessary for security and facilities support, and collections curatorial staffing at the National Museum of African American History and Culture; and \$48 million for Facilities Capital, which includes the revitalization projects of the National Air and Space Museum, the National Zoological Park, the Museum Support Center, and the Hirshhorn Museum and Sculpture Garden.

#### **EXECUTIVE SESSION**

The Committee then conducted an executive session to discuss the Smithsonian Channel Equity Put Option.

#### **ADJOURNMENT**

There being no further business to consider, the meeting was adjourned at 3:50 p.m.

#### **EMAIL BALLOT**

By email ballot completed on January 20, 2016, the Finance Committee voted to recommend that the Board of Regents approve and authorize the Secretary to submit the federal budget request for appropriated funds for fiscal year 2017 to Congress, through the following motion:

**VOTED** that the Finance Committee recommends that the Board of Regents authorizes the Secretary to submit to Congress a Federal budget request for appropriated funds for fiscal year 2017, as part of the President's budget in the amount of \$922 million, as negotiated with the Office of Management and Budget (OMB), and authorizes the Secretary to inform OMB and Congress fully about the implications of the President's budget for the mission and priorities of the Smithsonian.

Respectfully submitted,

David Rubenstein, Chair