Report to the Board of Regents
on the First Half of Fiscal Year 2002
May 2002
INTRODUCTION

This report presents Smithsonian Institution data and highlights for the first half of fiscal year 2002 (October 2001 through March 2002).

PUBLIC IMPACT

VISITS TO THE SMITHSONIAN

The drop in tourism in Washington, DC, in the aftermath of the September 11 tragedy, continues to impact attendance at Smithsonian Institution museums; however, visit levels are recovering at a faster pace than was predicted. Following the 44% and 46% decreases in visits in October and November 2001, visits were down 16% in December. They fell to 29% below the 2001 level in January, but have been climbing, with 18% and 19% decreases in February and March, compared to those months in fiscal year 2001.

Certain weeks have seen visits to the Smithsonian rebound to near 2001 levels. From January 20 to 26, 2002, total visits were down only 3%, attributable to a two-week-long event – the Tibetan Healing Mandala – that saw a spike in visits to the Freer Gallery of Art (up 91%) and Arthur M. Sackler Gallery (up 335%) over that week in 2001. Another notable week was February 17 - 23, with visits down only 7% overall, most likely due to the unseasonably warm weather that week of the Presidents' Day holiday. Most recently, during the week of the Passover and Easter holidays, March 24 - 30, visits to some museums increased over the same week in 2001, including the Hirshhorn Museum and Sculpture Garden (up 36%); National Museum of American History, Behring Center (up 10%); Freer Gallery of Art (up 10%); National Museum of African Art (up 9%); and Arts and Industries Building (up 7%).

Smithsonian museums and traveling exhibitions had 11.5 million visits during the first half of fiscal year 2002: 7.7 million visits to museums; 700,000 visits to the National Zoo (NZP); and 3.1 million visits to traveling exhibitions organized by the Smithsonian Institution Traveling Exhibition Service (SITES), the Smithsonian American Art Museum (SAAM), and the National Portrait Gallery (NPG).

Visits to Smithsonian Museums and Traveling Exhibitions

October to March, Fiscal Years 2001 and 2002

**Visit statistics do not include three Smithsonian museums that were closed for renovations: the Anacostia Museum, SAAM and NPG.**

Sources: Office of Protection Services, NZP, SITES, SAAM, NPG
The decrease in visits during the first half of fiscal year 2002 over the same period in fiscal year 2001 was not consistent across museums. The "big three" museums sustained some of the biggest decreases with American History experiencing an overall 45% decline in visits, Natural History a 37% decline, and Air and Space a 21% decline. Visits to the Zoo were down 16%. The International Art Museums fared better: the Hirshhorn was down 4% and African Art was down 10%, while the Freer and Sackler Galleries had a 6% increase in visits in the six-month period compared to the prior fiscal year. Visits were up at some other museums including the Arts and Industries Building and the Cooper-Hewitt National Design Museum in New York, with 9% and 12% increases, respectively.

**VIRTUAL ATTENDANCE**

Virtual visitors have increased at the Smithsonian's web sites, including the main web site (www.si.edu) and more than 70 other Smithsonian museum, zoo, and exhibit-specific web sites. The 24.1 million web site visitor sessions logged during the past six months exceeds the 20.5 million web visitors recorded in the corresponding six-month period of a year ago. In February 2002, the Smithsonian registered more than 4.5 million visitors, a 28% increase over February 2001. The Visitor Information and Associates’ Reception Center’s two content areas on the Web, Planning Your Smithsonian Visit and Encyclopedia Smithsonian, were the two top-visited sites for the period October through March, with 2.2 million visitor sessions.

- A new web site, CivilWar@Smithsonian (www.civilwar.si.edu), produced by the National Portrait Gallery, brings together Civil War collections from throughout the Institution. The initial 250 objects were selected by curators from the Portrait Gallery, American History, the Postal Museum, American Art, Cooper-Hewitt, and Smithsonian Institution Archives, and include uniforms, equipment, weapons, and paintings and photographs of the war's celebrated personalities.

- The Anacostia Museum developed a web site (www.si.edu/anacostia/academy) to coincide with the opening of its newly renovated building. A new feature, The Online Academy, allows visitors to view videotaped discussions by scholars, collectors, and conservators on approaches to preserving African American history and culture.

- The Archives of American Art (www.artarchives.si.edu) launched Archivos Virtuales: The Papers of Latino Artists Online, funded by the fiscal year 2002 Latino Initiatives Fund. The web site will include a searchable version of the Archives' published guide, The Papers of Latino & Latin American Artists, as well as links to finding aids and digitized letters, diaries, photographs, and sound recordings of oral history interviews. The Archives has added to its web site online versions of two new exhibitions, Wayne Thiebaud: Memories and Delights and American Traditions: A Taste for Folk Art.

- The Freer and Sackler web site (www.asia.si.edu) now boasts a database that enables viewing of all images and texts associated with exhibitions; a dozen Gallery Guides with interpretive information on selected collections; creative animation and video that highlights some exhibition microsites; and excerpts of exhibition catalogs online. Peak virtual attendance was during construction of the Tibetan Healing Mandala with 90,623 visits during the month of January.

- The Hirshhorn launched its new web site (www.hirshhorn.si.edu) in March with online activities and an interface with its collection database that makes research content (interpretive text, provenance, exhibition history, published references, and images) available to scholars and enthusiasts.
• The National Museum of African Art (www.nmafa.si.edu) has a new webmaster and has launched its web interface to its collection information system. Approximately 600 object records with images and full documentation are accessible to the public via the Internet.

• The National Air and Space Museum has added major on-line features to its web site (www.nasm.si.edu) in the first half of fiscal year 2002 including: Black Wings: African American Pioneer Aviators; Geography From Space Online Contest; Explore the Universe Online Gallery; and Aerobatic Champions Online Exhibit.

• The National Museum of American History, Behring Center, launched two new web sites in November (www.americanhistory.si.edu). Listed as a USA Today Hot Site and winner of the Exploratorium's Ten Cool Sites Award, Artificial Anatomy: Papier-Mache Anatomical Models provides in-depth information on the Museum’s varied collection of papier-mache anatomical models. The online exhibit, A More Perfect Union: Japanese Americans and the U.S. Constitution, done in collaboration with the Asian Pacific American Program, focuses on the experiences of Japanese Americans who were placed in detention camps during World War II.

• The American History Museum’s Within These Walls web site has garnered numerous awards including the overall Best Design award from the Massachusetts Interactive Media Council, a Bronze World Medal in the New York Festivals New Media Competition in the non-profit category, a Standards of Excellence Web Award from the Web Marketing Association, and a Gold Omni award for excellence in multimedia production.

• The Smithsonian American Art Museum's web site (AmericanArt.si.edu) experienced record-breaking virtual attendance with millions of hits and 544,245 unique users. The Museum launched a special online exhibition of the Renwick Gallery's show, The Furniture of Sam Maloof, which features quotes from the artist and images of his sculptural furniture.

EXHIBITION HIGHLIGHTS

Word Play: Contemporary Art by Xu Bing at the Arthur M. Sackler Gallery was the first major solo exhibition since 1991 of the universally acclaimed expatriate Chinese avant-garde artist and winner of a 1999 MacArthur "genius" award. The exhibition, open to the public through May 12, 2002, is comprised largely of new works of art and includes the artist's most known work, "Book from the Sky." Visitors can interact with the art in two installations, "Square Word Calligraphy Font" and "Square Word Calligraphy Classroom," featuring faux Chinese the artist invented that is actually English written to resemble Chinese.

Peter Rabbit's Garden, a multi-media exhibition on the work and life of Beatrix Potter, made its world premiere at the National Museum of Natural History on February 9, 2002. The exhibition marks the 100th anniversary of Beatrix Potter's first children's book, The Tale of Peter Rabbit. The exhibition includes original artwork and focuses on Potter as an accomplished scientist, farmer, and environmentalist. Peter Rabbit's Garden, a collaboration of the Frederick Warne Archives, Lord Cultural Resources, and the Victoria and Albert Museum in London, has hosted more than 150,000 visitors since its debut; it will be open to the public through May 26, 2002.
Spectacular Display: The Art of Nkanu Initiation Rituals, organized by the National Museum of African Art, was the first exhibition devoted to the important but little known visual arts created by the Nkanu peoples of the Democratic Republic of the Congo during men's initiation rites. In addition to the Museum's recently acquired Nkanu sculpture, the exhibition included rare high relief panels, masks, figures, and a complete costume lent by European museums and an American private collection that had never been on public display in this country. Through photography, a section of the exhibition explored African-style coming of age initiation activities in the Greater Washington, DC area. The exhibition was accompanied by a fully illustrated catalogue with an introduction by Chief Curator David Binkley.

H.C. Westermann opened at the Hirshhorn Museum and Sculpture Garden February 14, following its premier in Chicago in summer 2001. The show is the first posthumous retrospective for American sculptor H.C. Westermann (1922-1981) and includes his images of houses, ships, surreal landscapes, and toy-like figures with frequent references to war and death, humor and art, and literature and film. Covering Mr. Westermann's influential career from the mid-1950s to his final decades in rural Connecticut, the exhibition encompasses the artist's highly personal, exquisitely crafted constructions in wood, metal, and found objects.

The Cooper-Hewitt National Design Museum opened Russel Wright: Creating American Lifestyle on November 19, 2001. The first major retrospective of one of the country's greatest industrial designers, the exhibition explores the products and ideas developed and marketed by Russel Wright, inventor of a gracious, informal, and contemporary approach to the middle-class, mid-century American home. The New York Times review stated that the Russel Wright exhibition "should be on the to-see list of anyone interested in...design." The unprecedented success of the exhibition has prompted an extended showing through September 15.

The National Postal Museum opened the exhibition Langston Hughes to coincide with the centennial birth of the late author. Mr. Hughes was a central figure of the Harlem Renaissance, an arts and cultural movement of the 1920s that celebrated African-American life. On February 1, 2002, the opening date of the exhibition, the United States Postal Service issued a stamp to commemorate Mr. Hughes. A versatile author, the unofficial poet laureate of Harlem is best known for his verse. The exhibition uses books, illustrations, and stamps to illustrate the impressive life and achievement of this remarkable man.

Wayne Thiebaud: Memories and Delight, on view at the Archives of American Art's New York Regional Center from October 24, 2001, to January 4, 2002, showcased artist Wayne Thiebaud's recent gift to the Archives of drawings, teaching notes, and other memorabilia. Among the treasures are ink drawings of the artist's signature pies and cakes, lunch counter still-life arrangements, and urban scenes. Mr. Thiebaud's lively friendships with artists such as Hassel Smith, Roy de Forest, Claes Oldenburg, Willem de Kooning, and Richard Diebenkorn are explored through letters, photographs, cartoons, and friendly exchanges of drawings and jokes.
Corridos sin Fronteras: A New World Ballad Tradition, organized by the Smithsonian Traveling Exhibition Service in collaboration with the Smithsonian Center for Latino Initiatives and the UCLA Chicano Studies Research Center, began its national tour to 11 venues at the Arts & Industries Building in February. This music-based bilingual exhibition celebrates the corrido “ballad” tradition in the New World. Tracing two hundred years of corridos, the exhibition explores the significance of this popular oral tradition through vintage and modern recordings, photographs, posters, historical objects, musical instruments, performance costumes, and interactive audiovisual stations. An interactive web site (www.corridos.org) developed by the Traveling Exhibition Service will enable educators and the public worldwide to learn and teach about corridos.

The exhibition *Wood Turning since 1930* – at the Renwick Gallery of the Smithsonian American Art Museum from March 15 to July 14, 2002 – traces the evolution of the craft from a functional hobby in the 1930s through the experimentation of the craft revival during World War II to the sophisticated art form exhibited today. A unique feature of this exhibition is live demonstrations of a lathe, the tool on which wood is turned, in the exhibition galleries every Wednesday and Sunday for the run of the exhibition.

**NATIONAL OUTREACH**

In the first six months of fiscal year 2002, the Office of National Programs and its four units – Smithsonian Affiliations, Smithsonian Institution Traveling Exhibition Service, Smithsonian Center for Education and Museum Studies, and The Smithsonian Associates – continued their efforts to expand the Smithsonian's presence across America. National Programs’ units organized an exciting variety of public programs, traveling exhibitions, teacher training workshops, and new affiliations – 1,072 activities in all – enabling the Smithsonian to reach audiences in 45 states, the District of Columbia, Puerto Rico, and Panama.

**Smithsonian Affiliates:** Ten new organizations became affiliates, bringing the overall totals to 97 affiliates in 30 states, the District of Columbia, Puerto Rico, and Panama. New affiliates are: Santa Fe Pro Musica (Santa Fe, New Mexico); American Museum of Science and Energy (Oak Ridge, Tennessee); Mid America Science Museum (Hot Springs, Arkansas); Kalamazoo Aviation History Museum (Kalamazoo, Michigan); the Northwest Museum of Arts and Culture (Spokane, Washington); Clark County Museum (Henderson, Nevada); Knowledgeworks (Newark, Ohio); Lyman Museum and Mission House (Hilo, Hawaii); Telfair Museum of Art (Savannah, Georgia); and the Tredegar National Civil War Center Foundation (Richmond, Virginia). Eight museums fully implemented their affiliations with significant artifact loans, bringing the total number of fully implemented affiliates to 33. Beyond these implementations, more than 60 additional artifacts were loaned to affiliates and 11 Smithsonian-produced exhibitions were hosted at affiliate sites.

The Smithsonian Institution Traveling Exhibition Service (SITES) celebrates its 50th anniversary in 2002. Founded in 1952 to expand the Smithsonian's national outreach to museums across the country, SITES has grown into the largest traveling exhibition service in the world. In the past six months, 129 SITES exhibitions were on view in 32 states and the District of Columbia. A year-
long series of observations, mostly at SITES’ exhibitors in the field, was launched on March 5 by Senator Thad Cochran, who hosted a special presentation of SITES' exhibition, *Going Strong: Older Americans on the Job*, in the Russell Senate Building.

The exhibition, *In the Spirit of Martin: The Living Legacy of Dr. Martin Luther King, Jr.*, began its national tour to six locations on January 14 at the Charles H. Wright Museum of African American History in Detroit. Mrs. Coretta Scott King, Congressman John Conyers, executives from exhibition sponsor PepsiCo, Inc., Dr. Herma J. Hightower, Director of the Office of National Programs, and other Smithsonian representatives attended the gala opening.

*The American Presidency: A Glorious Burden* began its national tour to 10 venues in February at the Chicago Historical Society.

SITES continues to blanket the nation with *Museum on Main Street*, its immensely popular program tailored to rural communities. Four states—Alabama, Illinois, Kansas, and South Dakota—were added, bringing the number of state partners to 16 in this reporting period.

The *Smithsonian Center for Education and Museum Studies (SCEMS)*, in partnership with the Office of Policy and Analysis has, for the first time, undertaken an extensive annual education survey of all Smithsonian units. Ultimately this survey will serve as a tool for improving the consistency and quality of Smithsonian education programs, services, and resources.

With sponsorship from Brother International Corporation, SCEMS also published two new guides to the Smithsonian's educational resources that show teachers across the nation how to find and use the nearly 500 Smithsonian publications and web sites now available. New teaching materials include *Letters from the Japanese American Internment*, produced in conjunction with the Smithsonian Asian Pacific American Program and the Japanese American National Museum, a Smithsonian affiliate in Los Angeles, California.

For the first time, SCEMS is taking Smithsonian Teachers' Night to a national audience. On May 17, 2002, more than 3,000 educators, U.S. Department of Education representatives, Congressional members, and education decision-makers will learn about the Smithsonian, in five cities: Boston, Detroit, Houston, San Francisco, and Washington, DC. Smithsonian Teachers' Night is made possible by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF).

**The Smithsonian Associates (TSA):** In the first six months of fiscal year 2002, TSA created 567 different educational programs designed to reach learners of all ages. Its programs occurred in 23 states, the District of Columbia, and Puerto Rico, as well as in 35 countries on all seven continents. TSA hosted the 36th Annual Smithsonian Kite Festival on the Washington Monument grounds in March, based on the theme "Let Freedom Fly."

The Resident Associate Program offered 470 courses, seminars, lectures, performances, studio arts workshops, and study tours in the greater Washington area. Highlights included: (1) a star-studded array of programs presented by such luminaries as Jack Welch, Meryl Streep, Garrison Keillor, Michael Beschloss, Zoe Caldwell, and Vernon Jordan; (2) a variety of courses, lectures, and seminars to complement the Smithsonian exhibition, *Brain: The World Inside your Head*; and (3) stellar
performances, including the Emerson String Quartet (now in its 23rd year with TSA), New Orleans' Preservation Hall Jazz Band, and the 15th Annual Thelonious Monk Jazz Competition.

Other Traveling Exhibitions
The Smithsonian American Art Museum's Treasures to Go is the most extensive art tour ever, criss-crossing the nation through 2002, thanks to the support of the Prinicipal Financial Group®. Treasures to Go is comprised of eight traveling exhibitions of masterworks from the American Art Museum collection and is touring while the museum building is closed for renovation. Treasures to Go visited 19 museums in 12 states from October 1, 2001 to March 31, 2002. Total attendance for all eight exhibitions in the tour at 52 venues to date is approximately 1,037,510.

Smithsonian Events
The Anacostia Museum and Center for African American History and Culture reopened to the public on February 11 after a 2 ½ year, $8.5 million renovation project involving two architectural firms and the Smithsonian's Office of Facilities Engineering and Operations. Structural upgrades include new electrical, HVAC, roofing, and security systems, and two fully accessible entrances. The Museum reopened with two new exhibitions: Precious Memories: The Collectors' Passion, which focuses on the individual efforts of African Americans to preserve their heritage through systematic collecting; and Sculptures by Bill Taylor, featuring works of the local artist. Opening events were covered by local ABC, NBC, CBS, and Fox affiliates and were reviewed in The Washington Times and The Washington Post.

Tibetan Healing Mandala. In response to the the Dalai Lama's call for people around the world to provide healing and comfort to those affected by the events of September 11, 20 Buddhist monks from the Drepung Loseling Monastery constructed a sand mandala (sacred painting) at the Sackler gallery from January 11 to 27, 2002. The seven-foot-square mandala, one of the largest ever created in the West, was offered for the healing and protection of America. In addition, the monks participated in chanting, meditation, and other traditional healing ceremonies. Prior to their DC visit, the monks of the Drepung Loseling Monastery constructed a healing mandala in the Rotunda of the George Gustav Heye Center of the National Museum of the American Indian in New York from December 11 to 22, 2001.

The National Zoo celebrated the one-year anniversary of giant pandas Tian Tian and Mei Xiang January 10, 2002. During the event, the panda exhibit was named the Fujifilm Giant Panda Conservation Habitat. The enlarged exhibit for the giant pandas will anchor the new Asia Trail, slated to open in 2004. In conjunction with the pandas' anniversary, scientists from the National Zoo and other organizations on the cutting edge of wildlife conservation conducted a two-day Giant Panda symposium at the Zoo, January 15-16. The Panda House visitor count stands at more than 2.8 million visitors since its opening in December 2000.
In January, First Lady Laura Bush donated the ensemble she wore to the 2001 Inaugural balls to the National Museum of American History. The ensemble includes a red Chantilly lace and silk satin gown with crystal beading designed by Michael Faircloth of Dallas, Texas, and matching coat, shoes, and bag. The ensemble will be on view in the Museum's *The American Presidency: A Glorious Burden* exhibition.

**The Julia Child Kitchen Project.** In November 2001, when Julia Child left her Massachusetts home of 45 years to return to her native California, she gave her kitchen to the National Museum of American History, Behring Center. For 15 years the kitchen was a set for three enormously popular public-television series. Millions of Americans watched the shows and felt they had cooked, eaten, and laughed there with an old friend. With this kitchen, the Museum has acquired an "object" that perfectly represents Julia Child's extraordinary influence on the way Americans think about their food and its history.

**FOCUSED, FIRST-CLASS SCIENCE**

**SCIENCE COMMISSION**

The Science Commission has met four times (September 6-7; November 12-13; December 13-14; and February 28-March 1). The next scheduled two-day meeting will take place April 16-17 with June 3-4, August 1-2, and September 26-27 remaining. The five subcommittees have been working on their charges and have held town hall meetings and site visits at the Smithsonian Astrophysical Observatory, the National Zoo, the Conservation and Research Center, the National Museum of Natural History, the National Air and Space Museum’s Center for Planetary Studies, the Smithsonian Environmental Research Center, and the Smithsonian Tropical Research Institute. The Commission's findings will be submitted to the Regents for their consideration in late fall with an interim report this spring.

**SCIENTIFIC ACHIEVEMENTS**

**National Museum of Natural History**

- The U.S. Air Force has recorded 38,000 bird-aircraft strikes, which have killed 38 aviators, destroyed 30 aircraft, and caused $500 million in damages since 1985. Using the Natural History Museum’s extensive bird and feather collection, staff in the Bird Division identify birds commonly hit to help engineers design safer engines and habitats around air fields.

- The impact of a large object with the Earth is credited with causing changes that led to the extinction of the dinosaurs at the Cretaceous-Tertiary (K-T) boundary 65 million years ago. In a February 19 article published in volume 99 of the Proceedings of the National Academy of Sciences U.S.A., and reported in the Editor's Choice highlights section of *Science* magazine, Natural History scientists show that insects were affected by the impact event.

**National Zoological Park**

- The Smithsonian National Zoological Park was the subject of an all-new, seven-hour *Total Zoo* television series that began October 9, 2001. Millions of people visit the National Zoo every year, but, until the airing of this series, they never had the chance for an in-depth look behind the exhibits to learn what it takes to make Washington's famous National Zoo successful.

- *Smithsonian Book of Giant Pandas*, 2002, by Susan Lumpkin and John Seidensticker, was published by Smithsonian Institution Press.
• Jack Dumbacher of the Zoo's Conservation and Research Center and Robert Fleischer of the National Museum of Natural History, along with Andy Mack of the Wildlife Conservation Society, received a $232,564 National Science Foundation grant for a study of the biogeography of the lowlands of Papua New Guinea, a major biodiversity hotspot in Southeast Asia.

• Mary Hagedorn received a $1.2 million grant from the National Institutes of Health to develop methods for cryopreserving fish embryos, technology that will have an impact on saving endangered fish; on aquaculture (fish farming); and on helping breed fish used as models for studying human diseases.

• Richard Frankham, David Briscoe, and Jonathan Ballou of the Conservation and Research Center produced the first textbook in the rapidly emerging field of Conservation Genetics. The book is titled *Introduction to Conservation Genetics* and was published by Cambridge University Press.

**Smithsonian Astrophysical Observatory (SAO)**

• SAO astronomers announced the discovery of two new moons of Jupiter (it now has 18 moons) and four new moons of Saturn (bringing its total of known satellites to 22).

• Using the Chandra X-ray observatory (which SAO operates for the National Aeronautics and Space Administration), staff scientists confirmed theoretical predictions about how cosmic matter sinks into black holes, and how huge stars end their lives.

• Dr. Leon Van Speybroeck, an astrophysicist, was awarded the prestigious Rossi Prize of the American Astronomical Society. The Award is made annually for a significant contribution to High Energy Astrophysics, with particular emphasis on recent, original work.

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

• Scientists and conservators from SCMRE provided expert advice to the Office of the Architect of the Capitol and the curator of the Senate Hart Office Building in the context of planning for anthrax-decontamination of the building. SCMRE staff was asked about how the planned treatment would affect art objects within the building and what measures could be used to prevent damage. After consultation with Environmental Protection Agency scientists, Capitol staff removed certain objects or isolated them before treatment began. SCMRE and Natural History staff are still exploring the potential damages to specimens sent by mail and exposed to the radiation treatment espoused by the U.S. Postal Service for the decontamination of government mail.

**Smithsonian Environmental Research Center (SERC)**

• A broad range of issues in invasion biology are investigated at SERC: (1) patterns of non-indigenous species transfer, invasion, and impact; (2) specific and general mechanisms that underlie these patterns; and (3) efficacy of management strategies to limit the spread and impact of non-indigenous species. SERC's ballast water delivery and management program for vessels also includes research at an increasing number of sites outside of the Chesapeake Bay region (Alaska, California, Florida) to measure variation among sites and test for generalities in invasion processes. Collaborative research sites are located in Australia, Israel, Italy, Netherlands, and New Zealand.

• Blue Crab Research - The major research themes of blue crab research involve the integrated analysis of population dynamics, resource/habitat utilization, regulation of community structure, and evolution of life history strategies of marine and estuarine invertebrates and fish. The "crab lab"
has conducted a series of laboratory and field experiments designed to determine functional and mechanistic relationships regulating population and community structure.

**Smithsonian Tropical Research Institute (STRI)**

- STRI scientist William Laurance, together with a collaborator, published the article "Positive Feedbacks Among Forest Fragmentation, Drought, and Climate Change in the Amazon" in *Conservation Biology*. This paper demonstrates that fragmented forests in the Amazon are highly susceptible to droughts and fire, and suggests that the combined effects of habitat fragmentation, logging, and global warming could have potentially catastrophic future impacts on Amazonian forests, especially in more seasonal areas of the basin.

- STRI launched a new internet site with information on the Canopy Access Cranes at the dry forest site at the Metropolitan Natural Park and the wet forest site at Fort Sherman on the Caribbean coast of Panama. The site (http://canopy.stri.si.edu) includes canopy biology publications, database of species on both sites, maps of the plots, links to other cranes around the world, and technical information on the cranes and the sites.

- STRI sociologist Stanley Hekadon-Moreno published the book *Panama: Puente Biológico* (Panama: Biological Bridge). This book is the result of a series of public talks presented by STRI scientists to the Panamanian community from 1996 to 1999. The program started in 1996 to celebrate the 150th anniversary of the Smithsonian Institution and the 50th anniversary of the Tropical Research Institute in Panama.

**MANAGEMENT EXCELLENCE**

**SMITHSONIAN MANAGEMENT**

Several new outstanding leaders have joined the Smithsonian while other senior staff announced their departures during the first half of fiscal year 2002.

- Ned Rifkin began as the new Director of the Hirshhorn Museum and Sculpture Garden on February 1, 2002. Prior to coming to the Smithsonian, Mr. Rifkin was Director of the de Menil Collection and Foundation in Houston, Texas. He served as Director of the High Museum of Art in Atlanta from 1991 to 1999, and, coming full circle, was Chief Curator of the Hirshhorn from 1986 to 1991.

- Julian Raby, distinguished member of the Faculty of Oriental Studies at the University of Oxford, England, has been named Director of the Smithsonian’s Freer Gallery of Art and Arthur M. Sackler Gallery. A well known scholar and teacher of Islamic Art, Dr. Raby’s interests range from Byzantine to China and from Late Antiquity to the Renaissance. He will begin work in May 2002.

- Allen Kane, a former Senior Vice President at the United States Postal Service, became the new Director of the Postal Museum on February 19, 2002. Mr. Kane served for more than 30 years at the Postal Service in a variety of senior leadership positions devoted to strategic and policy planning, operations, marketing, and logistics.

- Robert Bailey, Under Secretary for Finance and Administration, retired at the end of March. Mr. Bailey served at the Smithsonian for almost two years, during which time he recruited staff to the key administration positions of Chief Financial Officer, Chief Technology Officer, and Director of Facilities Engineering and Operations.
• David Morrell, Director of the Smithsonian’s Office of Protection Services, left the Institution at the end of January to join the Transportation Security Administration of the Department of Transportation. Mr. Morrell was responsible for the Smithsonian’s response to the events of September 11, 2001, working closely with local, regional, and national emergency and security organizations.

**MAJOR PROJECTS**

In this section, a regular feature of the Secretary’s reports to the Regents’ Report, readers are informed of the progress of the Institution’s major construction and refurbishment projects.

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| **Patent Office Building (POB)** 382,000 sq. ft. $216.0 million total estimated cost | • Project includes the renewal of the 165-year-old building, a 350-seat auditorium, open labs and storage areas, and a glass enclosed courtyard.  
• Contract for non-historic and hazardous material removal and preservation of historic fabric is 58% complete; projected for completion in September 2002.  
• Replacement of the windows and the cleaning and repairing of the stone façade of the building is underway with contractor mobilizing on the site.  
• 95% design drawings for renovation presented to SI in April.  
• Temporary storage space for collections acquired in February.  
• $48.6 million in Federal funds provided to date, FY ’03 request of $25 million.  
• Program requirements study for covered courtyard completed. |
| **National Museum of the American Indian Mall Museum** 454,000 gross sq. ft. $219.3 million total estimated cost | • Initial contract options exercised provided for the construction of the foundation, core structure, and purchase of stone for façade.  
• February 5, 2002, SI exercised options to enclose the building, purchase mechanical and electrical equipment and build-out the basement, ground and second floors.  
• Building is 13% complete, on time and on budget.  
• Program planning has begun; films and multi-media presentations in planning or pre-production and permanent exhibits have completed design development.  
• $103.3 million in Federal funds provided to date, FY ’03 request of $10 million.  
• $66.3 million has been raised from private sources for the construction of the Mall Museum. |
| **National Air and Space Museum’s Steven F. Udvar-Hazy Center** 761,000 sq. ft. $309 million total estimated cost | • Original contract options exercised provided primarily for the construction of a shortened Aviation Hangar.  
• April 2002, the Smithsonian exercised options to proceed with the additional “bays” of the Aviation Hangar, to complete the almost 1000 ft long building as designed.  
• Also exercised option to proceed with the Space Hangar.  
• Project is 38% complete, on time and on budget.  
• 70 aeronautical and 6 space artifacts ready, films and other public programming in final design or production.  
• To date, $205.8 million has been raised from private sources. |
| **National Museum of American History, Behring Center** 250,000 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 the extensive renovation of the building.  
  Æ **Public Space Renewal.** The Blue Ribbon Commission provided its report to SI detailing over 20 recommendations; request for proposal for a design/build contract was issued in November 2001 and final negotiations with several firms are nearing completion.  
  Æ **America on the Move,** a replacement for the Hall of Transportation, is at the 65% design stage and in March 2002 the Transportation halls began closing.  
  Æ **The Price of Freedom** is an exhibition replacing the current Military History exhibit. Opening in late 2004, advisory groups meetings of military experts and historians have been held and the selection of a design firm is in the final stages.  
  Æ **For Which it Stands** includes the preserved Star Spangled Banner and an exhibit on the history and meaning of the flag. Flag preservation is under way and a design contract for the exhibit accompanying the flag is to be issued in April. |
INFORMATION TECHNOLOGY UPDATE

The Enterprise Resource Planning “ERP” project, an initiative to integrate information systems, is well under way. Three workgroups – General Ledger, Accounts Payable, and Purchasing – were formed to implement the software used remotely by those offices. The workgroups and the Financial Management Steering Committee, chaired by the Chief Financial Officer, have been meeting regularly since last September. The General Ledger workgroup has defined a new Chart of Accounts and the Chief Financial Officer is redefining program codes.

The PeopleSoft software has already been installed. The workgroups have established a working prototype for use in reviewing the functionality of the software in parallel with defining the future business processes. Data from the National Museum of Natural History’s African Voices exhibit is being used as the prototype. The first phase of the project will be piloted in the National Air and Space Museum in early July and deployed throughout the Institution by October 1, 2002.

STRATEGIC PLAN AND PERFORMANCE MEASUREMENT

All Smithsonian units have prepared, or are nearing completion of, unit-level strategic plans and annual performance plans for fiscal year 2003 that link to the Smithsonian’s Institutional Strategic Plan and Performance Plan. The linked unit and Institutional plans will represent a shared understanding of mission and programmatic direction and commitment to tracking and using performance information. The Office of Policy and Analysis will work with Smithsonian units as they develop their unit strategic plans and annual performance goals, measures, and targets. The next milestone will be to establish key indicators of major program and activity results and outcomes for reporting at the Institution-level. Then, units and the Institution will begin tracking performance consistently with a set of measures that have been adopted by the entire Smithsonian Institution community.

FINANCIAL STRENGTH

At mid-year, the Institution is generally on track to meet the revised projections for financial performance for fiscal year 2002. The financial strength of the Institution is affected directly by the strength of the overall economy and museum visitation, which continues to be down from the prior year. While the nationwide recession has proven to be shorter and milder than originally projected, the strength of the recovery appears just as mild and, in the tourism industry, remains somewhat uncertain.

FINANCIAL POSITION

The decline in the stock market in the last quarter of fiscal year 2001 affected the Smithsonian Institution's financial position for fiscal year 2001 by eroding the value of the Institution's endowment. As a consequence, the estimate of positive growth in the Institution's net assets (in other words, the net worth of the Institution) projected over a year ago as part of the financial plan for fiscal year 2001, was not fulfilled.

Conversely, the stock market's performance during the first quarter of fiscal year 2002 started to reverse that trend. While not at pre-recession levels, the value of the endowment nevertheless has increased by $30 million to a total of $656 million as of February 28, 2002, and the Institution's net assets have grown as a consequence.

The net worth of the Smithsonian reflects the combined value of the Institution's endowment, investments, buildings and equipment, and outstanding pledges minus its liabilities. The historic
pattern of growth in the Institution's net assets reflects the small decline experienced in fiscal year 2001 due to the recession and projected growth for fiscal year 2002.

**Smithsonian Institution Growth in Net Assets**
($ in millions)

![Chart showing growth in net assets from FY2001 to FY2002]

*Source: Office of the Under Secretary for Finance and Administration*

The fiscal year 2002 budget anticipates a less robust fund-raising environment, modest improvement in the stock market, and a continuation of Federal investment in physical assets. At mid-year, we continue to expect net assets to resume their pattern of growth and increase by 7% or $115 million to a total of $1.67 billion.

**Smithsonian Institution Financial Position**
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2001 Actual</th>
<th>Fiscal Year 2002 Budget</th>
<th>Variance FY2001 to FY2002 Better/(Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Deposits</td>
<td>225</td>
<td>245</td>
<td>20</td>
</tr>
<tr>
<td>Endowment</td>
<td>626</td>
<td>641</td>
<td>15</td>
</tr>
<tr>
<td>Other Investments</td>
<td>108</td>
<td>110</td>
<td>2</td>
</tr>
<tr>
<td>Smithsonian Buildings and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>785</td>
<td>862</td>
<td>77</td>
</tr>
<tr>
<td>Outstanding Pledges</td>
<td>219</td>
<td>238</td>
<td>19</td>
</tr>
<tr>
<td>Other</td>
<td>116</td>
<td>109</td>
<td>-7</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,079</td>
<td>2,205</td>
<td>126</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>1,555</strong></td>
<td><strong>1,670</strong></td>
<td><strong>115</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>2,079</td>
<td>2,205</td>
<td>126</td>
</tr>
</tbody>
</table>

*Source: Office of the Under Secretary for Finance and Administration*

**Fiscal Years 2002 and 2003 Sources and Uses of Funds**

The fiscal year 2001 financial picture for the Smithsonian was mixed. Despite the withdrawal of the gift from the Catherine B. Reynolds Foundation (which was, as a result, not included in the Institution's fiscal year 2001 financial statement), unanticipated growth in government grants and contracts and private sector philanthropic contributions to the Institution in fiscal year 2001 contributed to an operating surplus of $34 million. However, the steep decline in the equity markets
was responsible for a non-operating deficit of $48 million that more than offset the operating sur-
plus and produced a decline in the Institution's net worth of $14 million (less than 1% of the
Institution's net assets in fiscal year 2001). Since then, the stock market has recovered part of its
losses.

The fiscal year 2002 budget reflects an increase in net assets of $115 million over the prior year.
The budgeted decline in both operating sources and expenses combine to produce a projected oper-
ating surplus of $7 million. This surplus is somewhat smaller than that of the prior year and is the
direct result of a conservative approach to estimating large, unrestricted, philanthropic gifts and pri-
vate grants.

The fiscal year 2002 budget reflects a real return on the endowment of 5.5% and a non-operating
surplus of $108 million, largely as a consequence of the amount budgeted for capital projects.

**Smithsonian Institution Annual Financial Activity**

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY2001 Actual</th>
<th>FY2002 Budget</th>
<th>Variance FY2001 to FY2002 Better/(Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Sources</td>
<td>672</td>
<td>630</td>
<td>(42)</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>638</td>
<td>623</td>
<td>15</td>
</tr>
<tr>
<td>Operating Surplus</td>
<td>34</td>
<td>7</td>
<td>(27)</td>
</tr>
<tr>
<td>Total Non-operating Surplus/(Deficit)</td>
<td>(48)</td>
<td>108</td>
<td>156</td>
</tr>
<tr>
<td>Net Assets Increase/(Decrease)</td>
<td>(14)</td>
<td>115</td>
<td>129</td>
</tr>
</tbody>
</table>

*Source: Office of the Under Secretary for Finance and Administration*

**DEVELOPMENT**

The Smithsonian raised $179.3 million in gifts in fiscal year 2001, recording another strong year in
its ambitious plan to reinvigorate the Institution. Extraordinary gifts, those of $5 million or more,
totaled $89.6 million. Funds raised during the 1st quarter and 2nd quarter (estimated) of fiscal year
2002 continue this solid trend, with a total raised of $88.0 million, $35.1 million of which came
from extraordinary gifts.

**Annual Giving and Extraordinary Gifts, Fiscal Years 2001 and 2002***

*Extraordinary gifts are those of $5 million or more.

*Source: Office of Development*
The following list details fiscal year 2002 1st and 2nd quarter gifts of $1 million or more:

- John F. McDonnell and James S. McDonnell III, and The JSM Charitable Trust pledged $10 million to the National Air and Space Museum's Steven F. Udvar-Hazy Center at Washington Dulles International Airport. As approved by the Regents' Executive Committee on behalf of the Board, the Center's space hangar will be named in honor of James S. McDonnell, their father.

- The Lockheed Martin Corporation will contribute $10 million to the National Air and Space Museum. With the Regents' approval, the Museum's IMAX theatre will be named The Lockheed Martin Theater, as "a visible reminder of our long-term friendship." The Lockheed Martin Corporation also contributed $1 million toward construction of the National Air and Space Museum's Steven F. Udvar-Hazy Center at Washington Dulles International Airport.

- A major exhibition by the National Museum of American History, Behring Center, entitled America on the Move has attracted $23 million in corporate support. This includes $10 million committed by General Motors, more than $3 million in cash and in-kind contributions from A & E Television Network's The History Channel, $3 million by the State Farm Companies Foundation, $3 million from the Department of Transportation, and $1 million each from the American Automobile Association, the United Parcel Service Foundation, the National Asphalt Paving Association, and the American Road and Transportation Builders Association. The exhibit space will be named the General Motors Hall of Transportation in honor of General Motors’ gift.

- The National Museum of the American Indian received an anonymous gift of $5.1 million toward construction of its new museum on the National Mall.

- The Lunder Foundation made a gift of $1.5 million to the Smithsonian American Art Museum to endow the Lunder Education Chair for education and outreach.

- Mrs. Virginia Boochever gave more than $1 million to the National Portrait Gallery, which will be used in part to create and endow a juried portrait competition.

- Mrs. Nancy Fessenden pledged $1 million to the Freer Gallery of Art and Arthur M. Sackler Gallery "to support the development of innovative outreach programs."

- The William Randolph Hearst Foundation gave $1 million to the National Museum of the American Indian for establishment of an interactive learning center.

- Phillip and Patricia Frost Philanthropic Fund gave $1 million to the Smithsonian American Art Museum to further endow research and education programs at that Museum.

**Smithsonian Business Ventures**

In the first half of fiscal year 2002, Smithsonian Business Ventures (SBV) provided $6 million of "net gain" to the Institution. The fiscal year 2002 SBV net gain budgetary projection was revised downward by $9 million in the aftermath of September 11 to account for the downturn in museum visitation and decline in travel-related advertising in Smithsonian Magazine. Net gain will be reduced by an additional $2 million due to closing of the Chantilly Warehouse facility.

Through March 2002, fiscal year-to-date museum sales were down 25% from the same period last year. For the month of March, sales from museum stores, restaurants, and IMAX theaters were 10% below the previous year. In line with the revised budget forecast, management is hopeful that high-season sales in the third quarter beginning in April will reach at least 85% of last year's sales.
The Smithsonian Catalogue had a strong holiday season, achieving more than $800,000 in net gain for the first half of the fiscal year. The licensing division is also ahead of budget, due to strong sales of Smithsonian-licensed products in a special Christmas promotion at 1,200 Wal-Mart stores.

Magazine advertising continues to be weak, and first-half net gain of *Smithsonian* Magazine was $150,000 below budget, as the advertising industry experienced its worst slump since World War II. While *Smithsonian* Magazine remains highly profitable, a turnaround in advertising revenues is not expected before the close of fiscal year 2002.

Operational highlights of the first half of the fiscal year include:

- The new editorial team at *Smithsonian* Magazine has added excitement and interest to the Magazine with seven new departments. In the most recent survey of reader satisfaction by the respected firm Mark Clements Research, Inc., reader satisfaction levels were the highest since the survey began three years ago. Rudolph Chelminski's article in the November 2001 issue about Phillipe Petit, who walked a tightrope strung between the World Trade Center towers in 1974, has been selected to appear in the upcoming book *Best American Essays of 2001*.

- Establishing a new revenue stream for the Museum, 15 two-seat flight simulators were installed at the National Air and Space Museum, to enhance visitors' appreciation of the magic of flight.

- Revitalizing concessions at the National Air and Space Museum, the new “Wright Place” restaurant to be managed by McDonald's is under construction to open this spring. At the Arts & Industries Building, the new Seattle's Best Café opened to brisk patronage.

- A multi-million dollar sponsorship from Lockheed Martin with the National Air and Space Museum funded an upgrade of the 25-year old IMAX theater at Air and Space with state-of-the-art, 3-D, large screen projection.