

# MINUTES OF THE AUGUST 21, 2017, TELECONFERENCE MEETING OF THE BOARD OF REGENTS

## ATTENDANCE

On August 21, 2017, the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) convened a special telephonic meeting to consider the approval of the fiscal year 2018 federal and trust consolidated budget and the fiscal year 2019 federal budget priorities. The Board received an update on the revitalization of the National Air and Space Museum (“NASM”), the Smithsonian Women’s History Museum Act, the National Museum of the American Latino Act, and the Open and Transparent Smithsonian Act of 2015. Board Chair David M. Rubenstein, called the meeting to order at 9:00 a.m. Participating were:

Representative Sam Johnson	Roger W. Ferguson, Jr.	John W. McCarter, Jr.
Representative Doris Matsui	Michael Govan	David M. Rubenstein
Steve Case, Vice Chair	Risa Lavizzo-Mourey	
John Fahey	Michael Lynton	

Robert MacDonald, Smithsonian National Board Chair

The Chief Justice, Vice President, Senator John Boozman, Senator Patrick Leahy, Senator David Perdue, Representative Tom Cole, and Ambassador Barbara M. Barrett were unable to participate in the meeting.

Smithsonian and Regent staff present by invitation of the Board were:

David J. Skorton, Secretary	Lauren Hancock, Office of Senator Perdue
Greg Abbott, Government Relations Liaison	Toni-Marie Higgins, Office of Senator Boozman
Greg Bettwy, Chief of Staff to the Secretary	Albert Horvath, Under Secretary for Finance and Administration/Chief Financial Officer
John Davis, Provost/Under Secretary for Museums and Research	Judith Leonard, General Counsel
Zully Dorr, Acting Assistant Secretary for Advancement	Philip LoPiccolo, Government Relations Officer
Julie Eddy, Office of Representative Matsui	Carolyn Martin, Acting Assistant Secretary for Communications and External Affairs
Jennifer Ehlinger, Senior Officer for Programs and Operations	Kevin McDonald, Office of Senator Leahy
Kate Forester, Deputy Chief of Staff to the Regents	Steven M. Pinkos, Office of the Vice President
Amanda Hamilton, Office of Representative Johnson	Maura Reidy, Acting Director for the Office of Government Relations
	Porter N. Wilkinson, Chief of Staff to the Regen

## **SPECIAL TELEPHONIC MEETING**

**Actions of the Board of Regents**

In accordance with Board bylaw 2.04, the Board of Regents conducted a special telephonic meeting on Monday, August 21, 2017, and approved the following motions.

### **APPROVAL OF THE FISCAL YEAR 2018 FEDERAL AND TRUST CONSOLIDATED BUDGET**

**Presentation of Fiscal Year 2018 Budget**

Under Secretary for Finance and Administration/Chief Financial Officer Al Horvath presented the fiscal year 2018 federal and trust consolidated budget for review and consideration. The Board was briefed on the projected financial needs of the institution and the potential challenges for the Smithsonian is funded at a substantially lower level than the request.

**Discussion of Proposed Budget**

The Smithsonian's fiscal year 2018 federal appropriation request of \$947.0 million is included at such amount in the President's budget, however, the House Interior Appropriations bill is at \$885.1 million in the July markup. The Senate Interior Appropriation markup is expected in September and the capital funding being proposed by the Senate majority is ranging from \$134 million to \$149 million. It is likely that fiscal year 2018 will begin under a continuing resolution. Given the current federal fiscal realities, Mr. Horvath explained that it would be prudent for the Smithsonian to prepare for a fiscal year 2018 budget that will be funded substantially below the requested level. If the fiscal year 2018 budget is funded at the fiscal year 2017 enacted level (\$863.3 million) through a continuing resolution or another funding vehicle, the Smithsonian may have the opportunity to submit an operating plan allowing the flexibility of moving funds from "Facilities Capital" to "Salaries and Expenses," if necessary.

**Approval of Fiscal Year 2018 Budget**

The Board of Regents reviewed the Smithsonian Institution's fiscal year 2018 consolidated budget based on the fiscal year 2018 federal appropriation request. The Board approved the budget based on appropriated funds for fiscal year 2018 when signed into law by the President and trust funds for fiscal year 2018, and authorized expenditures by the Secretary in accordance therewith. The Board recognizes that federal funding ultimately approved by Congress may be below the requested level and noted that any material changes in program or capital plans shall be presented to the Board of Regents or its Executive Committee for approval.

***See attached Actions 2017.08.01 (Minutes of the Board of Regents, Appendix A).***

## APPROVAL OF THE FISCAL YEAR 2019 FEDERAL BUDGET PRIORITIES

### Presentation of Fiscal Year 2019 Federal Budget Priorities

Mr. Horvath next presented the fiscal year 2019 federal budget priorities. The 2019 federal budget priorities will be used by the Smithsonian to develop the fiscal year 2019 federal budget. The fiscal year 2019 budget request that will be based upon these priorities is due to the Office of Management and Budget (“OMB”) on September 11, 2017.

### Discussion of Proposed Budget Priorities

OMB released guidance stating that the fiscal year 2019 budget will be at the same level of funding as fiscal year 2018 (\$947 million). Agencies may identify added investments in effective programs that is no more than five percent above the submission level (i.e., +\$47 million). The fiscal year 2019 budget priorities include Salaries and Expenses, which include non-discretionary cost increases, research and museum program infrastructure, institution facilities maintenance, and security and support, as well as Facilities Capital, which includes the revitalization project of the National Air and Space Museum (\$127 million) and additional renewal and revitalization projects across the Smithsonian.

### Adoption of Budget Priorities

The Board reviewed and approved the fiscal year 2019 federal budget priorities.

*See attached Actions 2017.08.02 (Minutes of the Board of Regents, Appendix A).*

## REPORT OF THE SECRETARY

### Secretary’s Update

Secretary Skorton provided the Board with an update on the NASM revitalization project, and several items of pending legislation related to the Smithsonian.

### NASM Revitalization Project and Appropriations

The Secretary updated the Board on the NASM revitalization project and explained that the Smithsonian may not secure sufficient funding in fiscal year 2018 in order to begin the NASM revitalization construction project. While the Office of Management and Budget (“OMB”) approved the Smithsonian’s fiscal year 2018 request to Congress for facilities funding at \$228M, the House Interior and Related Agencies’ full committee mark-up on July 18, 2017, would provide facilities funding to the Smithsonian in the amount of \$168.5M. Discussions with the Senate in preparation for the Senate mark-up expected in early September 2017 are progressing. Facilities Capital funding being proposed by the Senate majority could range from \$134M to \$149M. The Secretary shared projected impacts to Facilities Capital projects should federal appropriations be funded at the levels currently being discussed by Congress.

### Smithsonian Women’s History Museum Act

The Secretary provided an update on three legislative items being discussed by Congress. First, he discussed the Women’s History Museum Acts introduced in both the U.S. Senate and House of Representatives. On June 29, 2017, Senator Collins (R-ME) introduced S. 1498, the Smithsonian American Women’s History

Museum Act. This bill is similar to HR 19, the Smithsonian Women's History Museum Act, introduced by Representative Carolyn Maloney (D-NY) on April 4, 2017. S. 1498 establishes a comprehensive American women's history museum within the Smithsonian Institution to provide for: (1) the collection, study, and establishment of programs related to women's contributions that have influenced the direction of the United States; (2) collaboration with other Smithsonian museums and facilities, outside museums, and educational institutions; and (3) the creation of exhibitions and programs that recognize diverse perspectives on women's history and contributions. In addition to selecting the site between the two choices in the House bill—the South Monument site (mirroring NMAAHC) and the Capitol site (currently the Senate parking lot)—S. 1498 allows for the consideration of an additional un-named site as determined by the Smithsonian Institution Board of Regents. S. 1498 also calls for the Regents to construct the museum with funds from non-federal sources. Federal funds would be provided for the planning, design, and operation of the museum. The Senate bill currently has 15 cosponsors, all Democrats. The House bill has 248 cosponsors, 191 Democrats and 57 Republicans.

**National Museum of the American Latino Act**

Next, the Secretary provided an update on the proposed legislation regarding the National Museum of the American Latino. On June 15, 2017, Senator Menendez (D-NJ) and Representative Ileana Ros-Lehtinen (R-FL) introduced identical bills in the Senate (S.1364) and the House (HR 2911), calling for the establishment of the National Museum of the American Latino within the Smithsonian Institution. HR 2911 has been referred to the Committees on House Administration, Natural Resources, and Transportation and Infrastructure; S. 1364 has been referred to Senate Rules and Administration. Among other things, the bills authorize the creation of a Board of Trustees to help plan and design the museum and develop the museum's collections. The legislation also allows the Board to explore several sites for the museum, including the Capitol Site, the Arts & Industries Building, the South Monument site, and the Whitten Building. This legislation does not appropriate any federal funding for the project but authorizes the Board of Regents to use future appropriations for the cost of planning, construction, and operation of the museum by establishing a 50/50 cost-sharing model between future appropriated funding and private fundraising.

With respect to both museums, the Secretary reiterated the Smithsonian's stance with regard to constructing and funding new museums. He explained that given the recent opening of the National Museum of African American History and Culture, the revitalization of NASM, and deferred-maintenance backlog for a number of Smithsonian buildings on the National Mall, the construction and opening of an entirely new museum run by the Smithsonian is not a practical undertaking in the near-term. He emphasized that the Smithsonian remains committed to celebrating American history and culture in all its dimensions and will continue to work to ensure that all Americans' contributions are aptly represented across the Institution's already established museums.

**H.R. 3387, Open and  
Transparent  
Smithsonian Act of 2015**

Lastly, the Secretary updated the Board on H.R. 3387, the Open and Transparent Smithsonian Act of 2015, introduced in the previous Congress by Delegate Eleanor Holmes Norton (D-DC). The bill would have subjected the Smithsonian to the requirements of the Freedom of Information Act, the Sunshine Act, the Privacy Act, and the Federal Advisory Committee Act. Smithsonian staff met with members of Ms. Norton's staff to explain that, although these Acts do not apply by their terms to the Smithsonian because it is not an executive branch agency, the Smithsonian has adopted policies and practices consistent with the principles animating these laws, while recognizing the Smithsonian's unique status. Following the briefing, Ms. Norton expressed satisfaction with the Smithsonian's disclosure policies and acknowledged the bill could have unintended consequences for the Institution. Ms. Norton informed the Smithsonian that she does not plan to reintroduce the bill this Congress.

## **EXECUTIVE SESSION**

The Board then entered into an executive session at approximately 9:53 a.m. to discuss sensitive matters related to security and donor relations.

## **ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at approximately 9:59 a.m.

Respectfully submitted,

David J. Skorton  
Secretary

## APPENDIX A: ACTIONS OF THE AUGUST 21, 2017, TELECONFERENCE MEETING OF THE BOARD OF REGENTS

The Board of Regents reviewed the Smithsonian Institution's fiscal year 2018 consolidated budget based on the fiscal year 2018 federal appropriation request and **VOTED** to approve the budget based on appropriated funds for fiscal year 2018 when signed into law by the President, the institutional budget for trust funds for fiscal year 2018 reflected in this report, and authorizes expenditures by the Secretary in accordance therewith. Federal funding ultimately approved by Congress may be below the requested level. Any material changes in program or capital plans incorporated into this budget shall be presented to the Board of Regents or its Executive Committee for approval. [2017.08.01]

**VOTED** that that the Board of Regents approves the fiscal year 2019 federal budget priorities proposed by the Secretary. [2017.08.02]