

Nat'l Gallery
Smithsonian

PHOTOCOPY
PRESERVATION

National Gallery of Art

Washington, D.C. 20565

Office of the Director

February 5, 1996

Dear Kathy,

As you are aware, the Continuing Resolution under which the Gallery is currently operating (P.L. 104-92) has been interpreted to provide funding at the House Mark. This is \$529,000 less for salaries and expenses than we would have received had the Interior Bill been enacted using the Conference Level. Under the most recent Continuing Resolution (P.L. 104-99) the Office of Management and Budget has allowed funding at the Conference Level for the Repair, Restoration and Renovation Account; this will enable us to continue our West Building Skylight Project.

We now understand that other Interior agencies, operating under the more recent Continuing Resolution, have been funded entirely at the Conference Level. I am hopeful that in upcoming discussions between the President and the Congress the Gallery might be funded retroactively at the Conference Level for salaries and expenses.

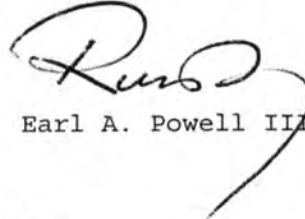
Briefly, in order to meet the anticipated Conference Level for FY 1996, the Gallery took a 6% cut in all non-pay categories, a 10% cut in special exhibition funding, and a 5% cut in payroll costs by limiting awards and promotions, reducing overtime and freezing positions. We also limited repair and renovation projects to the most critical, primarily the restoration of the West Building Skylights and our Fire Protection System.

If the Conference Level is not restored for salaries and expenses, we face the possibility of cancelling three of the four remaining exhibitions on our FY 1996 schedule: "In the light of Italy: Corot and Early Open Air Painting", "Thomas Eakins: The Rowing Pictures" and "Adolph Menzel: Between Romanticism and Impressionism". We are partners with other American museums in these exhibitions; were we to drop them, our partners would bear an unfair and unanticipated financial burden. The only other option available to allow us to stay within the House Mark during FY 1996, one which we do not even want to consider, would be to close the Gallery completely to visitors for four days and furlough all Gallery staff.

We are very grateful for OMB's favorable consideration on our Repair, Restoration and Renovation account and hope there is likewise some way for us to achieve the Conference Level for salaries and expenses as well.

I would be pleased to talk with you candidly about this matter at your convenience.

Sincerely,

A handwritten signature in dark ink, appearing to read "Earl A. Powell III", with a long, sweeping flourish extending from the bottom right.

Ms. Kathleen Peroff
Deputy Associate Director for Energy and Science
Office of Management and Budget
Room 8001, New Executive Office Building
Washington, D.C. 20503

cc: Melanne Verveer

Pls make a copy



SMITHSONIAN INSTITUTION

Washington, D.C. 20560
U.S.A.

February 6, 1996

Ms. Melanne Verveer
Deputy Assistant to the President
And Deputy Chief of Staff to the First Lady
The White House
Washington, D.C. 20500

Dear ~~Ms. Verveer~~ *Melanne*:

Rusty Powell and I have been talking about approaching Mrs. Clinton for help in addressing the budgetary problems posed by the Continuing Resolution which funds both the National Gallery and the Smithsonian Institution at the lowest of House, Senate, and conference marks. As we said on the phone today, you indicated to him that a one-page document explaining the impact on the Gallery would be useful. I am enclosing a like document on the Smithsonian which helps bolster the case that both institutions need help from the Administration especially if the Interior budget is not enacted.

Sincerely,

I. Michael Heyman
Secretary

Enclosure

SMITHSONIAN INSTITUTION

ANNUAL IMPACT OF OPERATING AT A CONTINUING RESOLUTION LEVEL RATHER THAN WITH AN APPROPRIATION AT THE CONFERENCE LEVEL (Current CR rate for 45 days)

Impact on Operations, Repair and Restoration

- Salaries and Expenses -- reduction to rate of operations:
minimal impact (\$200,000 annually)
- Zoo Construction -- reduction to rate of repair and restoration:
minimal impact (\$250,000 annually)
- Repair and Restoration -- reduction to rate of repair and restoration:
major impact (\$10 million annually)

Impact on Major Construction

- With no new initiatives permitted under a continuing resolution, major construction projects cannot begin. They include
 - National Museum of the American Indian Cultural Resources Center at Suitland
 - National Museum of Natural History East Court
 - New Alterations and Modifications Projects in Various Museums and Research Institutes
- In the event of no appropriation, construction for the NMAI Cultural Resources Center and completion of the National Museum of Natural History East Court could not be fully funded. The Institution would have to request funds again in FY 1997 as follows:
 - NMAI Cultural Resources Center -- \$15 million
 - NMNH East Court -- \$8.7 million

SMITHSONIAN OPERATIONS
(January 27, 1996 through March 15, 1996)

(\$000s)		FY 1996				
Account	FY 1995 Approp.*	Request	House Mark	Senate Mark	Conference Mark	FY 1996 1/26 thru 3/15 Funding Level
Salaries and Expenses	313,254	329,800	309,471	307,988	308,188	307,988
Repair and Restoration	23,954	34,000	24,954	33,954	33,954	23,954
Zoo Construction	4,042	4,950	3,000	3,250	3,250	3,000
Construction						
--Air and Space Museum Extension	92	2,000	1,000	1,000	1,000	1,000
--Museum of the American Indian						
Cultural Resources Center	17,462	21,500	-0-	15,000	15,000	-0-
Mall Facility	2,007	3,000	-0-	-0-	-0-	-0-
--Natural History East Court	-0-	8,700	8,700	8,700	8,700	8,700
--Alterations & Modifications	2,996	3,000	3,000	3,000	3,000	3,000
--Construction Planning	-0-	500	250	-0-	-0-	250
--Reprog. of Prior Year Funds	(700)	-0-	-0-	-0-	-0-	-0-
Total Construction	21,857	38,700	12,950	27,700	27,700	12,950
Grand Total	363,107	407,450	350,375	372,892	373,092	347,892

* Includes FY 1995 Rescission

Funding for "visitor services:"

On January 6, 1996, the President signed H.R. 1643 (P.L. 104-92) providing funding at a rate of the lower of the House, Senate, or FY 1995 level of funding for "visitor services" through September 30, 1996. This Law contains no prohibition on furloughs.

Funding for "non-visitor services:"

On January 26, 1996, the President signed H.R. 2880 (P.L. 104-99) providing funding for projects and activities not included in P.L. 104-92 at a rate of the lower of the House, Senate, or FY 1995 level of funding. This Law contains language (Title I, Sec. 112) limiting furloughs to one workday per pay period for the affected workforce during the period of January 26, 1996 through March 15, 1996. The rate for operations may be increased to the minimum level that would avoid additional furloughs.