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Floor Speech of Senator Chuck Grassley  
The Smithsonian Institution: Cancel the Champagne  
Monday, March 19, 2007

Mr. President:

Every year hundreds of thousands of Americans come to our nation's capital for what will be for many a once-in-a-lifetime vacation. A highlight of that visit for most families is seeing the Smithsonian museums. The Smithsonian is home to many of our nation's treasures – from Lincoln's top hat to the Hope diamond – shown here.

The Smithsonian receives over 70% of its support from the Federal taxpayers – over \$700 million last year. In addition, the Smithsonian receives over two hundred million in donations.

These donations are tax deductible so the taxpayers also subsidize these charitable gifts as well. Thus, the federal taxpayers either pay for or subsidize almost the entire Smithsonian budget. And, given that money is fungible, when taxpayer dollars are paying for one thing at the Smithsonian that frees up other money for the Smithsonian to spend elsewhere.

Despite the strong support that the Smithsonian receives, the Government Accountability Office recently found in a report that there was significant damage to Smithsonian buildings and some exhibits because of water leakage. In fact, one of the Smithsonian buildings on the mall, the Arts and Industries building, has been closed to the public because of damage to its roof.

The Smithsonian seems on one hand to have recognized the need to tell their employees that they need to pinch pennies. The Washington Post in a story in this morning's paper cites a Smithsonian memo sent to employees urging them to save energy by turning off decorative or accent lighting.

Unfortunately, while the rank and file at the Smithsonian – and the strength of this great institution – were told to count the pennies and turn off the lights, the Secretary of the Smithsonian, Mr. Lawrence Small, was throwing hundreds of thousands of dollars out the window. Money was thrown at his house, office and first-class travel for Mr. Small and his wife.

Mr. President, one of the great treasures in the Smithsonian is Dorothy's Ruby Slippers from the

Wizard of Oz. What Dorothy learned in that classic movie is that “there is no place like home.”

Just like for Dorothy, for Mr. Small, there is no place like home. The Secretary of the Smithsonian has taken that sentiment to heart – spending hundreds of thousands of dollars on painting, repairs, house cleaning, lawn service, even his cable, and presenting the bill to the Smithsonian for payment.

Now the Smithsonian Board of Regents wants to justify the million dollars-plus in expenses paid for at Mr. Small’s house, which he owns, because they claim he does official Smithsonian entertaining there.

Well, I’ve asked for the list of official Smithsonian events at his house and am still waiting for an answer.

However, my staff has reviewed the list of the Secretary’s expenses and has found only a handful of occasions that Mr. Small used his house for official Smithsonian events. This compares to the previous Smithsonian Secretary who entertained at home on his own dime, according to the Washington Post. In addition, high-dollar Smithsonian supporters have told my office that they hosted Smithsonian fund-raising dinners all at their own expense. The list of expenditures for Mr. Small’s office are on the Finance Committee website.

What are some of the expenditures at Mr. Small’s house? Perhaps most incredible is that the Smithsonian has paid for roof repairs at Mr. Small’s house at a time when the Smithsonian can’t find the money to fix the roofs at the Smithsonian.

But along with the roof, let me highlight a few:

Chandelier cleaning: \$2,535

Pool heater: \$4,225.77

Three new French doors: \$14,525

Having the taxpayers and Smithsonian donors pay for your champagne lifestyle? Priceless.

Mr. President, let me turn now to Mr. Small’s office at the Smithsonian castle. He has turned the castle into a palace.

Again, the Smithsonian tells its hard-working employees that they need to save every cent possible by turning down the lights, but wasted every dollar possible on Mr. Small’s office suite.

We have chairs for two thousand dollars each that the Washington Post reports this morning are “probably some of the best quality chairs you can buy.” A conference table for \$13,000, thousands of dollars on carpeting and upholstery and even finding the money to spend \$1,502 on a wall sconce. I don’t know if they turn that off to save money.

In addition, Mr. Small has decorated his office suite with enough paintings and artifacts from the Smithsonian collection that it would be the envy of many museums. Making your personal office a museum annex goes against the best practices of museum directors. The Smithsonian collection

is for the people's enjoyment, not someone's private enjoyment. It is a sad statement of the Secretary and the Board's priorities when one of the nicest rooms at the Smithsonian is the Secretary's own office. This, at a time when the Smithsonian is struggling to keep buildings open.

In addition to spending on his house and office, what hasn't been reported yet is the enormous amount of funds spent on top-of-the-line travel by both Mr. and Mrs. Small.

The accountant hired by the Inspector General found example after example of Mr. Small and his wife traveling with expenses that far exceeded what federal employees are allowed to spend. I will highlight just two trips for my colleagues, but there are many, many others.

Mr. Small and his wife decided to take a trip to Las Vegas in 2002. The reason ostensibly was to attend the opening of a portrait and a press conference. That of course meant a \$3,464.50 first-class airline ticket for each of them. They then stayed at one of the best hotels in Las Vegas, the Venetian, at nearly \$500 a night and enjoyed a \$170.79 dinner for two at the Belaggio.

They say what happens in Vegas stays in Vegas – but I'm making an exception. I've posted on the Finance Committee website these travel vouchers.

While the Vegas getaway is bad enough, I think the trip to California in 2001 shows a real window into the problems at the Smithsonian. Mr. Small spent over \$2,800 in chauffeured limousine service in 4 days – including a whopping \$1,319 in one day. I have a car I will sell the Smithsonian for how much was spent on car service.

What is even worse, if that is possible, is the excuse given for this out-of-control spending. In a memo justifying the car service in California the claim is made that there would be “a safety risk for [Small] to carry as much cash as would have been needed to pay a taxi . . . “ Even children who claim dogs are eating their homework are embarrassed by that one.

Mr. President, these are very serious problems, and I would say the more we look the worse it gets at the Smithsonian.

I am pleased that the Smithsonian Board of Regents is announcing today the creation of two boards, one a group of outsiders to review the work of the Board and a second group, comprised I understand mostly of Board of Regents members to look at board governance at the Smithsonian.

I am pleased that the Board of Regents is taking these needed steps. The Smithsonian has many dinosaurs, such as the one seen here, but one of the biggest dinosaurs is the architecture of the Board of Regents – it is over a hundred years old. The Board structure and duties has clearly not kept up with the times in terms of best governance practices in the nonprofit sectors.

In addition, the Board's actions of blessing after-the-fact Mr. Small's expenditures and actions is extremely troubling. We call this a “legalizing act” in Iowa and it raises very real concerns in my mind of whether the Board is running the Smithsonian and its Secretary or whether the Secretary is running the Board.

The actions of the Smithsonian Board of Regents call to my mind the American Red Cross – another organization that I conducted oversight on. I am pleased that the Senate recently passed legislation that I sponsored that reforms the American Red Cross. The Red Cross is a great American institution that also needed to modernize its governance.

I worked closely and successfully with the Red Cross leadership and was pleased that they recognized the need for fundamental change. I hope the Smithsonian Institution will look at the Red Cross' experience for guidance.

While the board has much to account for, that does not excuse where the responsibility lies – with the Secretary of the Smithsonian – Mr.Small. While the Board should have been more vigilant in its work and overseeing its public trust, make no mistake, it is Mr. Small who ordered the champagne and handed the bill to the Smithsonian.

So let's put to rest this argument I've heard from some that Mr. Small shouldn't be held accountable for his actions because the Board allowed it to happen.

We have a right to expect the Secretary of the Smithsonian to have the common sense to know if he wants Dom Perignon – he needs to pay for it out of his own pocket.

The other argument I hear is that Mr. Small should be excused his taxpayer supported lifestyle because he has raised money. First, let's remember 70% of the dollars come from the federal government. Second, I think it is insulting that Mr. Small's supporters are trying to give him credit for every dollar raised by the Smithsonian. There are dozens of people being paid top dollars at the Smithsonian – including the museum directors – to help raise money as well. They are all helping pull the wagon.

Finally, Small's supporters act as if no one raised a dime before he showed up. The Smithsonian is our nation's great museum. Many patriotic Americans want to show their support and give to this institution regardless of who is in charge – if they have confidence the money will be spent wisely. For example, the Smithsonian received \$123 million in donations in 1999 – more than double the amount in 1998.

This included \$60 million from Steven Udvar-Hazy to build the new Air and Space Museum near Dulles Airport as well as \$10 million from Ralph Lauren to preserve the Star-Spangled Banner. All this fund-raising was done before Mr. Small's arrival.

Thanks to the growing economy and new tax laws that I helped champion that encourage greater charitable giving, it should be expected that charitable giving should be up at the Smithsonian. It is up across the country.

The supporters of Mr. Small who want to point to fundraising to wash away the thousands of dollars spent painting Mr. Smith's own house remind me of the rooster who crows and thinks he caused the sun to rise.

Mr. President, the Smithsonian is the people's museum and it contains America's treasures. The

American people have the right to have someone as the Secretary of the Smithsonian who enjoys their confidence.

I believe that the Secretary of the Smithsonian has lost the confidence of the American people with his actions – actions that have been contrary to the public trust he has been given.

It is proper and needed for the Board of Regents to take a hard look at itself and its actions. But more immediately, I would suggest that the Board of Regents needs to consider whether the Secretary of the Smithsonian should continue in his position – a position that he should continue in only if he has the trust and confidence of the American people and their representatives.

I think the Board itself has learned a lot recently, and that if the Board of Regents looks closely at the facts and listens to what people are saying, it will have to consider very hard whether the time has come to turn off the lights in the office of this Secretary of the Smithsonian.