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MEMORANDUM

To: Reporters and Editors
Re: Meetings with new Smithsonian Institution, American Red Cross leaders
Da: Wednesday, July 9, 2008

Sen. Chuck Grassley, ranking member of the Committee on Finance, met separately with the incoming leaders of the Smithsonian Institution and the American Red Cross over the past two weeks as part of his ongoing congressional oversight of those major tax-exempt organizations. On June 25, Grassley met with Dr. Wayne Clough, the new secretary of the Smithsonian Institution. On July 8, Grassley met with Gail McGovern, the new president and chief executive officer of the American Red Cross. Grassley made the following comment on those meetings.

“The Smithsonian Institution and the American Red Cross are important to the whole country. People visit the nation’s capital to see Smithsonian treasures. The Red Cross feeds and clothes the hungry and homeless after natural disasters, as I saw very recently in my home state of Iowa. Both organizations have gone through significant upheaval and continue to face many challenges.

“Dr. Clough has to change a culture in which top executives and lower-level employees have real or perceived different standards of acceptable conduct, including spending on travel and time away from the job. I also remain concerned about the lack of an immediate fund-raising plan since there doesn’t seem to be enough money to fix leaking roofs.

“Ms. McGovern has to manage fund-raising to ease the organization’s deficit while making clear to donors of the intended use of money raised. She has to ensure that the fund-raising strategy at the Red Cross doesn’t depend on the generosity of donors responding to a national disaster. I’ve received assurances from both Ms. McGovern and Dr. Clough that they’re committed to the governance reforms I’ve advocated. They each have significant experience running large organizations including fund-raising and so are well-qualified to restore the public’s confidence in their respective organizations. I look forward to monitoring their progress as they work to strengthen their organizations.”

For the last seven years, as chairman or ranking member of the tax policy-writing Finance Committee, Grassley has conducted oversight of tax-exempt practices. The federal government

forgoes the collection of billions of dollars from tax-exempt groups. Americans donate to tax-exempt groups and take deductions of those donations from their federal taxes. The federal tax code governs tax-exempt groups' practices, and the Finance Committee is responsible for evaluating the effectiveness and efficiency of federal tax laws.