

MINUTES OF THE SEPTEMBER 5, 2012, EXECUTIVE COMMITTEE MEETING

The Executive Committee (“the Committee”) of the Board of Regents of the Smithsonian Institution met on September 5, 2012, beginning at 11:00 a.m. Participating were Executive Committee and Board Chair France A. Córdova, Vice Chair Patricia Q. Stonesifer, and Committee member Shirley Ann Jackson.

Also present by invitation of the Committee were Secretary G. Wayne Clough, Counselor to the Chief Justice Jeffrey P. Minear, Chief of Staff to the Secretary Patricia Bartlett, Under Secretary for Finance and Administration/Chief Financial Officer Albert Horvath, Chief of Staff to the Regents John K. Lapiana, and Director of Communications and External Affairs Evelyn Lieberman.

CALL TO ORDER

Dr. Córdova called the meeting to order at approximately 11:00 a.m. She noted that the primary goal of the this meeting was to allow the Committee to consider and approve—on behalf of the Board—the proposed FY 2014 budget submission to the Office of Management and Budget.

APPROVAL OF MINUTES

Dr. Córdova asked for comments on the draft minutes of the July 24 and August 21, 2012, Committee meetings. The draft minutes were approved without modification.

PREVIEW OF THE OCTOBER 15, 2012, BOARD MEETING AGENDA

Dr. Córdova noted that the next Board of Regents meeting is in the morning and early afternoon of October 15, and would be followed by the annual public forum. In reviewing the proposed agenda, Dr. Córdova asked particularly for input on the planned presentation on progress under the Smithsonian’s strategic plan. She noted that on October 22, 2012, the Secretary will conduct an all-directors retreat on the future of the plan, and said that she hoped the presentation at the Board meeting will allow for useful Regent input that the Secretary can use at the retreat. Dr. Clough added that the results of the retreat will be presented to the Strategic Planning and Programs Committee at its December 19, 2012, meeting, followed by a report to the full Board at its January 27, 2013, meeting.

Strategic Planning and Programs Committee Review. Dr. Jackson suggested, and the Committee concurred, that the progress report be made first to the Strategic Planning and Programs Committee at that committee’s October 1, 2012, meeting. Dr. Clough agreed that the committee will be likely to provide valuable advice on best preparing for a full Board presentation. Dr. Clough agreed with Ms. Stonesifer’s suggestion that a review schedule be developed by the Strategic Planning and Programs Committee for routine oversight of progress under the plan in manageable pieces.

October 15, 2012, Regents Meeting Presentation. After discussion, the Committee recommended that Dr. Clough focus the presentation for the Strategic Planning and Programs Committee and the full Board in two parts. The first would be an update on the programmatic achievements under each of the plan's four Grand Challenges and other ways the plan has promoted cross-disciplinary collaborations. The second portion would focus on the status and projections for resourcing the plan, especially in light of a changing economic climate. As part of the presentation, Dr. Clough said he would solicit Regent advice on extending the conclusion of the plan by two years, from 2015 to 2017, to coincide with the conclusion of the national campaign.

ANNUAL PUBLIC FORUM

Dr. Córdova noted that, as part of the Board's governance reforms adopted in 2007, the Board committed to holding an annual public forum.

The September 2011 forum was considered a substantive success, but less than 100 members of the public attended [The forum was also web-casted.] Consequently, in January 2012, the Executive Committee asked Director of Communications and External Affairs Evelyn Lieberman to identify alternatives to the previous format for consideration.

Mrs. Lieberman explained to the Committee that the forum will be held in the National Museum of American History's Warner Bros. Theater after the Regents' October 15, 2012, business meeting. She suggested that the Committee consider a "conversational" format for the public forum, with a smaller group of Regents discussing set topics "in a more informal way." She said the previous forums have focused mostly on the Smithsonian's finances and that, with the launch of the public branding campaign, a more "forward-looking and optimistic" topic might complement that effort. Among possible topics being considered were outreach to younger audiences, the Smithsonian in the digital age, the importance of collaboration, the future of museums, and Smithsonian research. Either the Chancellor or the Chair would facilitate the discussion, she said.

Ms. Stonesifer supported the recommendation, but reminded the Committee that the forum must provide an opportunity for questions and comments from the public. The Committee asked that Mrs. Lieberman prepare an agenda for the October 15 meeting that reflects the members' input for further review.

ADVISORY BOARD APPOINTMENTS

Dr. Córdova noted that the director and advisory board of the Freer and Sackler Galleries asked the Executive Committee to appoint two members to their board. Usually such appointment actions would wait until the next full Board meeting, she said. However, the Galleries' board requested that the Committee approve the appointments so the candidates can participate in the advisory board's September 14, 2012, meeting.

Following brief discussion, the following motion was approved:

VOTED that the Executive Committee, on behalf of the Board of Regents pursuant to Board Bylaw 3.01, appoints Mahnaz Afkhami, Peter Kimmelman, and Antoine van Agtmael to the Board of Trustees of the Freer Gallery of Art and the Arthur M. Sackler Gallery for four-year terms effective September 14, 2012.

FY 2014 BUDGET SUBMISSION

Mr. Horvath noted that at its August 27, 2012, meeting, the Finance Committee recommended that the Executive Committee approve, on behalf of the Board, the Smithsonian's FY 2014 Federal budget request. Before discussing that request, Mr. Horvath provided brief updates on the status of the FY 2012 and FY 2013 budgets:

FY 2012 Budget. Mr. Horvath provided the financial report on the Smithsonian's budget to July 20, 2012. He noted that both sponsored projects and philanthropic giving were meeting budgeted levels, as well as the net revenue target of Smithsonian Enterprises. Expenses were also in-line with budget, he added, predicting that the budget will be in balance for the year.

FY 2013 Budget. Mr. Horvath said that the total FY 2013 budget is approaching \$1.3 billion, and assumes the President's appropriations request of \$856 million. Congress has agreed upon, but not yet passed, a Continuing Resolution (CR) to fund the government for the first six months of FY 2013 at FY 2012 levels. In the event of a year-long CR, Mr. Horvath identified three "major risk areas": (1) salaries and expenses funding for ramp-up operations for the National Museum of African American History and Culture (NMAAHC); (2) capital funding for the construction of the NMAAHC facility; and (3) capital funding to repair Smithsonian facilities damaged by the August 2011 earthquake. On the Trust side, the FY 2013 budget anticipates a growth in philanthropic giving to \$210 million; an increase in grants and sponsored projects revenue to \$175 million; and a "modest increase" in Smithsonian Enterprises net revenue to \$30.2 million.

Dr. Clough concurred with Ms. Stonesifer's observation that contingency plans should be articulated if funding for NMAAHC ramp-up operations are not appropriated at the anticipated levels.

FY 2014 Federal Budget Submission. Mr. Horvath outlined the two budget submissions to the Office of Management and Budget (OMB): a "guidance" budget at 5 percent below the FY 2014 number in the President's FY 2013 Budget (\$829 million) and a requirements-based budget (\$879 million).

Mr. Horvath outlined the budget priorities that governed the drafting of both submissions and which were previously approved by the Regents at their June 25, 2012, meeting:

- Targeted increases in priority areas supporting the strategic plan
 - Non-discretionary items (pay raises, rent, utilities, etc.)
 - Activities that leverage private fundraising

- NMAAHC construction and operations
 - Federal commitments to public/private partnerships
- Activities for which private sector support is unlikely
 - Collections care
 - Information technology infrastructure to broaden access
 - Facilities maintenance and revitalization
- Protect increases from previous fiscal years
- Redirection of resources to high-value activities

Mr. Horvath directed the Committee’s attention to a detailed breakdown of the proposed FY 2014 Salary and Expenses increases under both submissions [\$24 million under the guidance budget and \$38 million under the requirements budget], as well the proposed FY 2014 Facilities Capital components of both submissions [\$145 million under the guidance budget and \$175 million under the requirements budget. He noted that \$45 million was requested for NMAAHC construction in both proposed budgets.

Dr. Córdoba was unable to participate in the remainder of the meeting, noting that she had participated in Mr. Horvath’s August 27, 2012, presentation to the Finance Committee. At that meeting, she voted in favor of recommending the budget proposal to the Executive Committee and again stated her support. Ms. Stonesifer, as Vice Chair, chaired the remainder of the meeting.

Following Mr. Horvath’s presentation, the Committee approved the following motion:

VOTED that the Executive Committee, on behalf of the Board of Regents pursuant to Board Bylaw 3.01, approves the Smithsonian’s budget request for appropriated funds for fiscal year 2014 for presentation to the Office of Management and Budget. Any material changes in the program plans incorporated into this budget shall be made only with the approval of the Board of Regents or its Executive Committee.

Dr. Clough then briefed the Committee on the Smithsonian’s participation in a proposed national museum initiative for Greece. The project’s goal would be to conserve and revitalize Greek artifact collections. The discussions are “at a very early stage” and Dr. Clough indicated that he would update the Committee as circumstances warranted.

EXECUTIVE SESSION

The Committee then conducted an executive session.

The meeting was adjourned at approximately 12:00 p.m.

Respectfully submitted,

France A. Córdoba
Chair