

MINUTES OF THE MAY 6, 2013, COMPENSATION AND HUMAN RESOURCES COMMITTEE MEETING

The Compensation and Human Resources Committee (“the Committee”) of the Smithsonian Institution Board of Regents held a meeting on May 6, 2013, beginning at 11:00 a.m. at the Smithsonian Institution Building in Washington, D.C. Participating were Committee Chair Patricia Stonesifer* and members Barbara Barrett* and Representative Xavier Becerra*; Board Chair and ex officio member France Córdova also participated. Senator Thad Cochran was unable to participate.

Also present were Secretary G. Wayne Clough, Associate Director of the Office of Human Resources (OHR) Greg Bettwy, Inspector General Scott Dahl, Director of OHR James D. Douglas, Under Secretary for Finance and Administration/Chief Financial Officer Albert Horvath, Chief of Staff to the Regents John K. Lapiana, and General Counsel Judith Leonard.

CALL TO ORDER AND APPROVAL OF MINUTES

Ms. Stonesifer called the meeting to order at 11:00 am. Ms. Stonesifer welcomed Barbara Barrett to her first Compensation and Human Resources Committee meeting, and provided a brief overview of the annual cycle of the Committee’s meetings.

The Committee reviewed and approved the draft minutes of the January 14, 2013, meeting with modification to note that Dr. Córdova is Chair of the Board of Regents. Ms. Stonesifer also noted that the minutes from the January meeting indicated that Smithsonian Enterprises would be providing information on their long-term incentive plan at today’s meeting. Staff noted that it would be on the agenda for the Committee’s September 2013 meeting.

2013 COMPENSATION ISSUES

Ms. Stonesifer noted that, in January, the Committee anticipated that the government-wide pay freeze would likely continue in 2013, and planned for it. None of the salary recommendations approved in January were implemented, and the Secretary continued to manage salary increases as he has done since 2010.

Ms. Stonesifer indicated that the three years of salary freezes have resulted in some significant recruitment and retention challenges. The Committee decided that it would entertain rare and compelling exception requests for either pay band increases or individual increases in those situations where the Institution has any flexibility.

The Secretary decided not to bring any requests forward for salary increases for individual Trust senior level employees. Ms. Stonesifer thanked the Secretary for managing this challenging situation well.

* *participated by teleconference*

The Committee moved to the next item on the agenda: the request for an exception to the pay freeze to increase the local pay bands for the Smithsonian Tropical Research Institute (STRI) in Panama.

First, Ms. Stonesifer wanted to raise a slight governance issue. There was a procedural issue in 2012 in which the Committee did not approve an exception to the salary freeze, but salary increases were made for local employees as Congress had provided funding. Ms. Stonesifer indicated that expectations on these matters had been reset, and that Al Horvath and Jim Douglas would make sure that the Committee would be provided with the required information in order to provide the necessary review and approval or disapproval.

Ms. Stonesifer then directed the Committee's attention to the STRI request. The Secretary noted that the economy of Panama has created significant challenges for STRI. Mr. Douglas provided additional details on the history of STRI's pay system. STRI faces significant attrition problems, and the average salary for their local employees is roughly \$26,000.

The Committee asked questions about the numbers and nature of the STRI local employee population, and also asked the Human Resources team to provide additional information at the September meeting. The overall decision was deferred until the September meeting, and the Committee asked for a summary on STRI's turnover and comparability issues in anticipation of a potential pay band increase in October 2013.

SENIOR LEVEL LEAVE

Ms. Stonesifer then turned the Committee to the next topic on the agenda. After the issuance of the Inspector General's report on travel, the Regents were tasked with a couple of items focusing on the Secretary's travel and leave. Ms. Stonesifer noted that Board Chair France Córdova and Governance and Nominating Committee Chair Roger Sant had the lead on those items. Because of their work, she said, the Secretary is being moved to a "reasonable leave" system.

Ms. Stonesifer then directed the Committee's attention to the two requests from the Governance and Nominating Committee to address:

1. Whether executives other than the Secretary should participate in the "reasonable leave" system, and
2. Which, if any, executives should be eligible to earn compensatory time for travel.

The Committee first looked at the "reasonable leave" question. The staff recommendation was that only the Secretary be on the "reasonable leave" approach. The Committee agreed with that recommendation.

The Committee then examined the issue of compensatory time for travel. Benchmarking results were reviewed, and staff recommended that the Secretary's Trust direct reports no longer be eligible for compensatory time for travel. The Committee agreed with that recommendation. Accordingly, the Committee approved the following motion:

VOTED that the Compensation and Human Resources Committee recommends the approach detailed on page C-3 to the Governance and Nominating Committee.

Ms. Stonesifer also provided the Committee with the transition details for moving the Secretary to the “reasonable leave” approach, and noted that the Secretary, upon departure, will receive a lump sum annual leave payout for the unused annual leave he had accrued as of March 2013.

Mr. Dahl noted for the Committee that the Institution had also improved its compensatory time policies to define the “usual waiting time” and to delineate approval processes. Mr. Douglas added that, after benchmarking other agencies, the “usual waiting time” was defined as two hours for domestic travel, and three hours for international.

WORKFORCE STATISTICS

Ms. Stonesifer turned the Committee to the workforce demographic report, and asked staff to provide the Committee with any additional information. Mr. Douglas and staff noted some of the report’s highlights, noting that diversity remains a challenge. The Committee discussed potential workforce implications of cuts in Federal spending. Staff also noted that local STRI employees are now beginning to be included in the overall workforce statistics.

The Committee asked that additional information on diversity be provided for the September Committee meeting. The Secretary agreed to have a more detailed discussion about workforce diversity at the September meeting, including information on diversity by grade grouping and professional area, and also information on new hires. The Committee also asked for diversity information on interns and fellows, if it is available.

EXECUTIVE SESSION

The Committee then went into executive session.

The Committee adjourned the meeting at 12:10 p.m.

Respectfully submitted,

Patty Stonesifer
Chair