

## **MINUTES OF THE JANUARY 18, 2019, MEETING OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE**

The Compensation and Human Resources Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) conducted a meeting on January 18, 2019, in the Regents’ Room at the Smithsonian Castle in Washington, D.C. Participating were Committee Chair John Fahey and Committee members Senator John Boozman,\* Ambassador Barbara M. Barrett,\* and Michael Govan.\*

Also present by invitation of the Committee were Secretary David Skorton, Associate Director of Human Resources Angela Ameen, Chief of Staff to the Secretary Greg Bettwy, Deputy Chief of Staff to the Regents Kate Forester, Under Secretary for Finance and Administration/COO Albert Horvath, Inspector General Cathy Helm,\* General Counsel Judith Leonard, Human Resources Specialist Suleyka Lozins, Director of Human Resources Brenda Richardson Malone, and Chief of Staff to the Regents Porter Wilkinson. \*

Pearl Meyer consultant Jim Hudner also participated in the meeting.

### **CALL TO ORDER AND AGENDA REVIEW**

Committee Chair John Fahey called the meeting to order at approximately 12:00 p.m. and reviewed the agenda.

### **APPROVAL OF MINUTES**

Upon motion duly made and seconded, the draft minutes of the September 18, 2018, Committee meeting were approved without modification.

### **2019 COMPENSATION BACKGROUND**

Mr. Fahey opened the discussion of compensation recommendations by reviewing the Committee’s responsibilities and duties related to the area of compensation, including full disclosure of any real or perceived conflicts of interest with any of the Smithsonian executives considered in the meeting materials. All Committee members affirmed they held no real or perceived conflicts of interest.

Mr. Fahey outlined the Smithsonian’s general approach to compensating senior level Trust and Federal executives. The Committee was reminded of the updated compensation philosophy that was approved in September 2018, which included the addition of an Augmented (“hybrid”) Pay Scale for 19 Trust executive positions. Mr. Fahey outlined the general summary statistics data provided in the meeting materials, which included general demographic information, performance appraisal data, and average total cash and salary information. Mr. Fahey also noted that due to the government shutdown, Federal pay scale adjustments had not yet been

determined, but an anticipated increase of 1.4 percent was reflected in the 2019 proposed salary adjustments.

The Committee discussed the competitive and reasonableness of Smithsonian compensation levels as defined by the Smithsonian's compensation philosophy, past practice, and relevant labor market comparisons. The Smithsonian ensures that the compensation levels for Trust positions are (i) reasonable as defined by the Internal Revenue Service ("IRS") guidelines, and (ii) comparable to compensation offered by organizations and executives with similar duties and responsibilities. The Committee's review is validated and supported through a reasonable analysis provided by independent compensation consultant Pearl Meyer. The Committee was briefed on the competitive benchmarking summary report from the independent compensation consultants, as positions are benchmarked every two years. The Committee reviewed the reasonable analysis used by the consultants and compared the 75th percentile to the proposed compensation levels. The Committee also considered compensation proposals using the 50th percentile, recognizing the Smithsonian's role as a public trust and compensation philosophy of targeting the 50th percentile

## **2019 COMPENSATION DECISIONS**

### **Decisions Made by the Committee**

The Committee reviewed compensation information regarding the positions for which the Committee alone approves compensation decisions. The positions include those considered to be market-based, Federal-equivalent, or Augmented ("hybrid"), which are Trust-funded positions. The Committee reviewed justifications for variances above and below the competitive market range for the compensation recommendations and discussed the addition of one senior executive to the new Augmented pay scale. Affected staff departed the meeting for the discussion.

Upon motion duly made and seconded, the following motions were approved:

**VOTED** that the Compensation and Human Resources Committee approves the inclusion of the position in the Augmented Pay Scale.

**VOTED** that the Compensation and Human Resources Committee approves the 2019 compensation recommendations for senior executive positions.

### **Decisions Made by the Full Board**

Mr. Fahey reminded the Committee that compensation decisions for a limited number of "high-impact" positions require the approval of the full Board. Affected staff exited the meeting for this discussion. The Committee discussed salary adjustments that were proposed to align with the Smithsonian's compensation philosophy and the competitive market range.

Upon motion duly made and seconded, the following motion was approved:

**VOTED** that the Compensation and Human Resources Committee recommends that the Board of Regents approves the 2019 compensation recommendations for senior executive positions.

#### **EXECUTIVE SESSION: SECRETARIAL COMPENSATION**

The Committee moved into an executive session at approximately 12:49 p.m. to discuss compensation recommendations for the Secretary. The Committee elected to withhold a formal vote and review of the Secretary's performance for fiscal year 2018 until consultation with the full Board at the upcoming January Board of Regents meeting.

#### **ADJOURNMENT**

The meeting was adjourned at approximately 1:00 p.m.

#### **EMAIL BALLOT**

By email ballot completed on March 8, 2019, the Compensation and Human Resources Committee voted to approve the following motions.

**VOTED** that the Compensation and Human Resources Committee approves the 2019 compensation recommendation for select senior executive positions.

**VOTED** that the Compensation and Human Resources Committee recommends that the Board of Regents approve the 2019 compensation recommendation for a senior executive position.

Respectfully submitted,

John Fahey, Chair