

MINUTES OF THE MAY 16, 2018, MEETING OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Compensation and Human Resources Committee (“Committee”) of the Smithsonian Institution Board of Regents (“Board”) conducted a meeting on May 16, 2018, in the Regents’ Room at the Smithsonian Castle in Washington, D.C. Participating were Committee Chair John Fahey and Committee members Ambassador Barbara M. Barrett,* and Michael Goven.*

Also present by invitation of the Committee were Secretary David Skorton, Chief of Staff to the Secretary Greg Bettwy, Deputy Chief of Staff to the Regents Kate Forester, Inspector General Cathy Helm,* Under Secretary for Finance & Administration/Chief Operating Officer Albert Horvath, Director of the Office of Human Resources Brenda Malone, Pearl Meyer Compensation Consultant Jim Hudner,* General Counsel Judith Leonard, and Chief of Staff to the Regents Porter Wilkinson.

CALL TO ORDER AND AGENDA REVIEW

Committee Chair John Fahey called the meeting to order at 2:03 p.m. and reviewed the agenda.

APPROVAL OF MINUTES

Upon motion duly made and seconded, the draft minutes of the January 29, 2018, Committee meeting were approved without modification.

AUGMENTED PAY SCALE FOR TRUST EXECUTIVE POSITIONS

At the September 20, 2017, Compensation and Human Resources Committee meeting, the Committee authorized the Board’s independent compensation consultant Pearl Meyer to develop an updated compensation approach for certain Trust executive positions. At the May 16, 2018, meeting, Pearl Meyer presented a model to determine appropriate compensation levels for trust executives who have significant duties not commonly found in the federal-employment sector. 19 positions were identified as meeting the criteria for inclusion.

The hybrid category would apply to Smithsonian trust positions with responsibility for:

- Fundraising, directly generating revenue or providing significant support in doing so;
- Overseeing more diverse, highly specialized and complex operations, as compared to comparable positions in the federal sector;
- Developing and monitoring long-term, strategic plans that address the complexity and diversity associated with SI’s mission and require a greater skillset than comparable positions in the federal sector;

**Participation by telephone.*

- Interacting with (presenting, negotiating, collaborating) diverse external groups (e.g., government agencies, associations, museums) at a higher level (complexity, impact and frequency) than comparable positions in the federal sector; and/or
- Possessing and utilizing a specialized skillset, that while in existence within the Federal labor market, is of a higher level of complexity.

Upon motion duly made and seconded, the following action was approved for recommendation to the Board:

VOTED that the Compensation and Human Resources Committee recommends that the Board of Regents approves an Augmented Pay Scale for 19 Trust executive positions.

SUCCESSION PLANNING

The Secretary led a discussion on the executive succession planning program, and shared his two goals for the program. In the short-term, the program will identify staff with the skills and experience necessary to assume key leadership roles on an interim basis in the event of an urgent or immediate replacement need. In the long-term, the program will identify staff who demonstrate significant potential to successfully compete for leadership placement opportunities throughout the Institution as they become available.

Director of the Office of Human Resources Brenda Malone shared the Smithsonian's multi-faceted approach to succession planning and identified six strategies that will be used to build the program: (i) identify critical senior level positions for succession planning focus, (ii) perform a senior level workforce analysis, (iii) identify next level staff talent, (iv) develop a formal knowledge transfer strategy, (v) pinpoint necessary development and training opportunities, and (vi) build a larger talent pool over time to meet the longer term needs of the Institution.

AMENDMENT TO THE OFFICE OF INVESTMENTS

Under Secretary for Finance & Administration/Chief Operating Officer Albert Horvath briefed the Committee on an amendment to the Office of Investments Incentive Compensation Plan. Mr. Horvath reviewed the eligibility requirements for participation in the Office of Investments Senior Level Incentive Program, which is limited to senior level positions within the Office of Investments with significant investment decision responsibilities, and proposed the addition of the Director of Investment Operations. The Committee reviewed the Mercer's 2017 Compensation Survey of Investment Groups, considered the recommendation, and approved the request:

VOTED that the Compensation and Human Resources Committee approves the addition of the Director of Investment Operations to the Office of Investments Senior Level Incentive Program effective October 1, 2018. Management is directed to work with the

Committee's compensation consultant to establish the specific approach along with a percentage cap on the amount of incentive compensation for which this position will become eligible.

EXECUTIVE SESSION

The Committee then conducted an executive session to discuss personnel matters.

ADJOURNMENT

The meeting was adjourned at approximately 2:46 p.m.

Respectfully submitted,

John Fahey
Chair