

MINUTES OF THE JANUARY 26, 2023, 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”) held a videoconference meeting on January 26, 2023. Participating were Committee Chair Michael Govan and Committee members Senator John Boozman, Ambassador Barbara M. Barrett, and Steve Case.

Also present by invitation of the Committee were Associate Director of the Office of Human Resources Angela Ameen, Chief of Staff to the Secretary Greg Bettwy, Under Secretary for Administration Ron Cortez, Associate General Counsel Farleigh Earhart, Deputy Chief of Staff to the Regents Kate Forester, Special Assistant to the Regents Mallory Gianola (recorder), Director of the Office of Human Resources Antonio Guzmán, Inspector General Cathy Helm, General Counsel Judith Leonard, Human Resources Specialist Suleyka Lozins, Deputy Secretary and Chief Operating Officer Meroë Park, Acting Director of the Office of Equal Employment and Supplier Diversity Rudy Watley, Chief of Staff to the Regents Porter Wilkinson, and Head Diversity Officer Beth Ziebarth.

Pearl Meyer consultants Jim Hudner and Peter Wertheimer also participated in the meeting.

CALL TO ORDER AND AGENDA REVIEW

Committee Chair Michael Govan called the meeting to order at 10:30 a.m. and reviewed the agenda.

REVIEW OF THE DECEMBER 7, 2022, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the December 7, 2022, Committee meeting were approved.

2023 GENERAL COMPENSATION BACKGROUND

Mr. Govan opened the discussion of compensation recommendations and reviewed 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.

Mr. Govan outlined the Smithsonian’s general approach to compensation for senior-level Trust and Federal executives, including the three Trust compensation philosophies: market-based compensation approach, Federal-equivalent compensation approach, and Augmented (“hybrid”) compensation approach. The Committee reviewed the general summary statistics, which included general demographic information, performance appraisal data, and average total cash and salary information for 2023.

The Committee also 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 consultant. Mr. Hudner noted that for many years, compensation levels have generally increased by an annual rate of 3 percent; however, current and projected trends suggest salary increase budgets of 4 percent or higher. The Committee reviewed the reasonable analysis used by the consultant and compared the 75th percentile to the proposed compensation levels to account for variations in experience, performance, and related factors, as well as factors that are unique to the Smithsonian Institution. 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.

EXECUTIVE SESSION: 2023 COMPENSATION DECISIONS

The Committee moved into an executive session at approximately 10:40 a.m. to discuss and vote on the 2023 compensation recommendations.

Amendment to the Office of Investment Incentive Plan

The Committee first reviewed an amendment to the Office of Investment Incentive Plan to include the performance measurements for the Investment Director position. In June 2021, management approved the addition of the Investment Director position to the Incentive Plan. The Office of Human Resources worked with Pearl Meyer to establish the specific plan design for the new position. Mr. Hudner briefed the Committee on the incentive plan design framework proposed by Pearl Meyer and supported by management.

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

VOTED that the Compensation and Human Resources Committee approves the amendment to the Office of Investment Incentive Plan for 2023.

Compensation Approach for Two Augmented Positions

Next, the Committee reviewed management's request to move two positions that are currently designated as Augmented ("hybrid") positions to market-based positions. Mr. Govan noted that the Augmented ("hybrid") compensation approach was adopted in 2018, and over time the duties and responsibilities of the two positions have changed to reflect the Secretary's priorities, the changing nature of the work of the Smithsonian, and the changing nature of operating environments. The compensation consultant, Pearl Meyer, was also engaged to review the updated position descriptions and make a recommendation on the appropriate classification.

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

VOTED that the Compensation and Human Resources Committee approves the movement of two augmented positions, the Assistant Secretary for Communications and External Affairs/Chief Marketing Officer and the Under Secretary for Education, to a market-based compensation approach.

Decisions Made by the Committee

The Committee then 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. Three proposals above the competitive range, one proposal above the reasonable range, and one special act award were presented and discussed.

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

VOTED that the Compensation and Human Resources Committee approves the 2023 compensation recommendations for senior executive positions recommended for Committee decision, effective January 1, 2023.

Decisions Made by the Board

To conclude, the Committee reviewed compensation decisions for a limited number of “high-impact” positions, which require the approval of the Board of Regents. 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. Two proposals above the competitive range, four proposals above the guidance on salary increases, and two proposals above the guidance for performance awards were presented and discussed.

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 2023 compensation recommendations for senior executive positions, effective January 1, 2023.

EXECUTIVE SESSION: SECRETARIAL COMPENSATION

The Committee moved into an executive session to discuss compensation recommendations for the Secretary. Members received a briefing from Board Chair Steve Case on the Secretary’s performance for fiscal year 2022. The Committee concluded that the proposed 2023 compensation recommendation was consistent with the comparable positions identified by Pearl Meyer.

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 2023 compensation recommendation for the Secretary.

ADJOURNMENT

With no further business to consider, the meeting was adjourned at approximately 11:22 a.m.

Respectfully submitted,

Michael Govan, Chair