

MINUTES OF THE SEPTEMBER 18, 2020, 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 September 18, 2020. Participating were Committee Chair John Fahey and Committee members Steve Case, Michael Govan, and Denise M. O’Leary.

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, Associate General Counsel Farleigh Earhart, Deputy Chief of Staff to the Regents Kate Forester, Special Assistant to the Regents Mallory Gianola (recorder), Inspector General Cathy Helm, Anti-Harassment and Workplace Violence Prevention Coordinator Amanda Jones, General Counsel Judith Leonard, Human Resources Specialist Suleyka Lozins, Director of the Office of Equal Employment and Supplier Diversity Era Marshall, Under Secretary for Administration Mike McCarthy, Deputy Secretary and Chief Operating Officer Meroë Park, Labor and Employee Relations Manager Susan Reider, 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 10:02 a.m. and reviewed the agenda.

REVIEW OF THE MAY 7, 2020, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the May 7, 2020, Committee meeting were approved without modification.

CALENDAR YEAR 2021 COMPENSATION

As part of the annual cycle of the Committee, the September meeting is focused on reviewing the core principles and decisions that form the foundation for the executive pay cycle, and will culminate with the compensation recommendations that the Committee and the Board will review in January 2021.

Update on 2021 Compensation Cycle for Trust Executives

The Committee was briefed on the impact of the COVID-19 (Coronavirus) pandemic and financial implications related to the 2021 compensation cycle for senior-level Trust employees, including the measures adopted to address the significant loss of revenue and to help mitigate Trust losses as related to executive compensation. Given the elimination of senior-level Trust salary increases, performance awards, and incentive payments in calendar year 2021, the Committee was asked to review a subset of decisions.

2021 Decision-Making Levels

Mr. Fahey shared the set of criteria that distinguishes compensation decisions made by the Regents and those made by the Secretary. The Committee reviewed decision-making levels for positions not impacted by the 2021 compensation update. Given the elimination of senior-level Trust pay increases and awards in calendar year 2021, it was recommended that the decision-making levels for 2021 remain unchanged. The Board's review will include: Trust positions that report to the Regents and/or Secretary; Federal positions that report to the Regents (Inspector General); Trust positions designated as Disqualified Person positions; and any other position with a proposed salary above \$300,000 or proposed total compensation above \$325,000. In light of the Trust fund mitigation efforts adopted, the Committee will review approximately five positions, with two decisions going to the Board for review in January 2021.

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

VOTED that the Compensation and Human Resources Committee approves the 2021 decision-making levels.

2021 Updated Compensation Philosophy

Next, Mr. Fahey led the Committee's review of the updated compensation philosophy for calendar year 2021. The Trust and Federal compensation philosophies are reviewed and updated annually to reflect any changes in compensation approaches, salary ranges, and/or effective dates.

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

VOTED that the Compensation and Human Resources Committee approves the updated compensation philosophy to include new projected salary ranges and effective dates for calendar year 2021.

2021 Comparable Process

Mr. Fahey then provided an overview of compensation consultant Pearl Meyer's recommended approach and methodology for determining comparable compensation for Trust executive positions for the 2021 process. Mr. Fahey informed the Committee that given the elimination of all senior-level Trust salary increases and awards, an abbreviated list of approximately 20 executive positions would be provided for 2021. The Committee reviewed the recommended comparable process to be used for 2021.

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

VOTED that the Compensation and Human Resources Committee approves the 2021 comparable process.

TRUST FUND MITIGATION STRATEGY

Under Secretary for Administration Mike McCarthy briefed the Committee on the Smithsonian's continued response to the COVID-19 (Coronavirus) pandemic. Mr. McCarthy outlined recent mitigation efforts taken by the Institution, including staff reductions at Smithsonian Enterprises and the National Zoological Park. The layoffs were the first staff cuts made by the Smithsonian since the public closure began on March 14. The Committee also discussed potential actions under review to further mitigate the financial impact of COVID-19.

ALTERNATIVE EXECUTIVE COMPENSATION PAY BAND APPROACH

Mr. Fahey also updated the Committee on the continued development of the pay band approach for Trust market-based positions, which began in 2019. At the Committee's request, Pearl Meyer is developing pay ranges for senior-level Trust positions in addition to guidelines for executive pay setting and administration to assist with the management of pay within the appropriate pay range. In order to reflect the impacts of the COVID-19 (Coronavirus) pandemic and the Smithsonian reorganization on positions, titles, and resource levels, the Committee has extended the timeline for final recommendations and will further discuss the enhanced approach to benchmarking executive compensation at its December meeting.

CIVIL PROGRAM UPDATE

Labor and Employee Relations Manager Susan Reider and Anti-Harassment and Workplace Violence Prevention Coordinator Amanda Jones updated the Committee on the Civil Program, which aims to promote civil behavior in the workplace. The program will help prevent or respond to situations involving harassment and workplace violence-related complaints from employees and affiliated persons, such as interns, fellows, and volunteers, throughout the Smithsonian community. The Civil Program will implement new reporting and tracking procedures for complaints; update policies; educate Smithsonian employees and affiliated persons on policies and reporting processes; provide guidance to Smithsonian management officials and employees; and assess allegations to determine the appropriate management responses.

DIVERSITY, EQUITY, ACCESS, AND INCUSION

The Committee received an update on the Smithsonian's efforts to foster a diverse, equitable, accessible, and inclusive ("DEAI") organization in which everyone—regardless of race, ethnicity, socioeconomic background, gender, sexuality, ability, religion, and other identities—has an opportunity to thrive. As part of the efforts, the Smithsonian is seeking to hire a head diversity officer, who will be instrumental in the conceptualization and execution of an Institution-wide DEAI strategy. Senior leadership is drafting the job description and will update the Committee as the search begins.

EXECUTIVE SEARCHES

To conclude the open session, Chief of Staff to the Secretary Greg Bettwy briefed the Committee on the progress of searches for eight vacant director-level positions at the following units: National Museum of African American History and Culture; Smithsonian Institution Libraries and Archives; Smithsonian Tropical Research Institute; Archives of American Art; National Museum of African Art; Cooper-Hewitt, Smithsonian Design Museum; Office of the Chief Financial Officer; and Office of Human Resources.

EXECUTIVE SESSION

The Committee moved into an Executive Session at approximately 11:12 a.m. to discuss a compensation matter.

ADJOURNMENT

With no further business to consider, the meeting was adjourned at approximately 11:27 a.m.

Respectfully submitted,

John Fahey, Chair