

## **MINUTES OF THE JANUARY 14, 2021, FINANCE COMMITTEE MEETING**

The Finance Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) conducted a videoconference meeting on January 14, 2021. Participating were Committee Chair Roger W. Ferguson, Jr. and Committee members Representative Doris Matsui, John Fahey, and Kathryn Hall.

Also present by invitation of the Committee were Chief of Staff to the Secretary Greg Bettwy; Associate General Counsel Craig Blackwell; Interim Director of the Office of Finance and Accounting Vincent DeVito; Deputy Chief of Staff to the Regents Kate Forester; Special Assistant to the Regents Mallory Gianola (recorder); Associate Director of the Office of Planning, Management, and Budget Rick Haas; Inspector General Cathy Helm; Acting Director of the Office of Planning, Management, and Budget Ken Johnson; Chief Financial Officer Janice Lambert; President of Smithsonian Enterprises Carol LeBlanc; Under Secretary for Administration Mike McCarthy; Manager of General Accounting and Reporting Martha Newton; Deputy Secretary and Chief Operating Officer Meroë Park; Director of the Office of Government Relations Vernon Simms; Assistant Secretary for Advancement Robert Spiller; and Chief of Staff to the Regents Porter Wilkinson.

### **CALL TO ORDER**

Committee Chair Roger Ferguson called the meeting to order at 10:00 a.m. and reviewed the agenda. He also welcomed Chief Financial Officer Janice Lambert to her first Finance Committee meeting.

### **APPROVAL OF THE AUGUST 26, 2020, COMMITTEE MEETING MINUTES**

Upon motion duly made and seconded, the minutes of the August 26, 2020, Committee meeting were approved without modification.

### **FISCAL YEAR 2020 YEAR-END FINANCIAL RESULTS**

Under Secretary for Administration Mike McCarthy reviewed the fiscal year 2020 financial results, following the close of the fiscal year on September 30, 2020. Mr. McCarthy reported that the Smithsonian’s net operating loss for the period totaled \$63.4 million. The Smithsonian received \$1,047.4 million in Federal appropriations for fiscal year 2020. Mr. McCarthy highlighted the strong performance in philanthropic giving, which exceeded the original \$205 million annual fundraising goal. As anticipated, Smithsonian Enterprises (“SE”) revenues performed below budget for fiscal year 2020 as a result of museum closures due to the COVID-19 (Coronavirus) pandemic. Expenses for the period totaled \$1,585 million and included the spending of appropriated funds carried forward from fiscal year 2019, due to the delayed enactment of the fiscal year 2020 budget. In addition, the schedule and funding of the Smithsonian’s ongoing capital projects, specifically the National Air and Space Museum (“NASM”) revitalization, were impacted by the COVID-19 shutdown. No material, unanticipated expenses were reported during the course of fiscal year 2020.

## **FISCAL YEAR 2021 FEDERAL APPROPRIATION UPDATE**

Acting Director of the Office of Planning, Management, and Budget Ken Johnson updated the Committee on the recently passed fiscal year 2021 federal appropriation. The Institution was operating under a Continuing Resolution until Congress passed and the President signed the 2021 Consolidated Appropriations Act on December 27, 2020. The fiscal year 2021 appropriation provides \$1,032.7 million, which includes \$818.2 million for Salaries and Expenses, and \$214.5 million for Facilities Capital. Mr. Johnson informed the Committee that the fiscal year 2021 Omnibus also authorized two new Smithsonian museums: the National Museum of the American Latino and the Smithsonian American Women's History Museum. However, the Bill did not provide additional resources to start the design and planning for these museums. Mr. Johnson noted that the Smithsonian will request funds in fiscal year 2022 and future budget requests to support these museums. The Committee discussed the fiscal year 2022 budget submission and approval process, and Mr. Johnson noted that during a presidential transition year, budget submission deadlines are routinely delayed.

## **COVID-19 (CORONAVIRUS) SHUTDOWN AND SMITHSONIAN ENTERPRISES UPDATE**

Next, the Committee received an update on the Smithsonian's ongoing response to the COVID-19 pandemic. Eight Smithsonian facilities in the Washington, D.C., region, including the National Zoo, reclosed to the public on November 23. The Committee discussed the Institution's reopening status and the Smithsonian's COVID-19 vaccine deployment. Mr. McCarthy reminded the Committee that a reopening date has not been announced, and that even once Smithsonian facilities begin to reopen, the Institution will continue to monitor capacity carefully and enforce health and safety best practices, which will impact the peak visitor season and anticipated revenues for fiscal year 2021.

To conclude, the Committee received an update on Smithsonian Enterprises and how it is capitalizing on the Institution's acceleration toward digital-first programs and key business initiatives, spurred in part by the COVID-19 crisis. President of Smithsonian Enterprises Carol LeBlanc highlighted several efforts underway to effectively diversify SE's growth strategy, including focusing on ecommerce and increasing online point-of-sale fundraising. The Committee discussed pilot programs that took place with the National Museum of the American Indian, National Museum of African American History and Culture, and the National Zoo, which will guide SE in evaluating feasibility, technology solutions, and cost before making larger long-term plans and investments.

## **EXECUTIVE SESSION**

The Committee then entered into an executive session at approximately 11:03 a.m. to discuss business and financial matters.

## **ADJOURNMENT**

There being no further business to consider the meeting was adjourned at 11:08 a.m.

Respectfully submitted,

Roger W. Ferguson, Jr., Chair