

Vietnam Education Foundation

**Minutes of the
Meeting of the Board of Directors**

July 12, 2013

**2111 Wilson Boulevard, Suite 700
Arlington, VA 22201**

List of Attendees:

- **VEF Board members:**
 - **Dr. Isaac Silvera, Chair**
 - **Ms. Sandy Dang**
 - **Mr. Basil Kiwan (Treasury)**
 - **Ms. Marjorie Margolies (via telephone)**
 - **Mr. Tim Marshall (State)**
 - **Ms. Anhlan Nguyen**
 - **Dr. Kimoanh Nguyen-Lam (Education)**
 - **Ms. Jenna Spinks (Sen. R. Blumenthal's office)**
- **Ms. Quyen Vuong VEF Staff:**
 - **Dr. Lynne McNamara, Executive Director**
 - **Ms. Donna Brickers, Human Resources and Administration Specialist**
 - **Ms. Sandarshi Gunawardena, Senior Program Officer**
 - **Dr. Phuong Nguyen, Country Director, Hanoi (via telephone)**
 - **Dr. Peggy Petrochenkov, Program Officer**
 - **Mr. Taylor Wynings, Director of Finance and Accounting**
- **VEF Guests:**
 - **Ms. Lesly Wilson (GSA Legal Counsel)**
 - **Mr. John Peters (Office of the GSA General Counsel)**

Call to Order and Approval of Minutes – Isaac Silvera, Chair

Dr. Silvera called the meeting to order and, after introductions, invited approval of the minutes of the April 5, 2013, Board meeting. On motion duly made and seconded, those minutes were unanimously approved, pending insertion of the following statement at the end of the first paragraph under *Policies on Salaries and Awards/Bonuses*: “All VEF U.S. staff need to be mindful of the accrual of comp time.”

Executive Director's Top Line Report – Lynne McNamara

Dr. McNamara welcomed Taylor Wynings, who has been the Director of Finance and Accounting for two months. She explained that the two major responsibilities of the previous Director of Finance, Accounting, and Administration were separated such that Mr. Wynings became the Director of Finance and Accounting, and another recent

addition to staff, Donna Brickers, was assigned the responsibilities of Human Resources and Administration Specialist, which includes acting as Designated Agency Ethics Officer (DAEO). Mr. Wynings and Ms. Brickers have worked to develop new administrative guidelines and procedures. Recently both visited Vietnam for training, to meet the Hanoi staff, and to observe the VEF Pre-Departure Orientation and the VEF Alumni Conference.

Dr. McNamara commended Mr. Wynings on his efforts developing the proposed FY 2014 budget that would be considered at the meeting, as he worked closely with staff in Arlington and in Hanoi to create the budget and cut approximately \$2 million from the line items in the FY 2013 budget. Dr. McNamara also mentioned the ongoing effort to revise policies with regard to comp time in both the U.S. and the Hanoi offices.

Dr. McNamara commented that the VEF research project, reviewed at previous VEF Finance Committee and Board meetings, is proceeding well under the supervision of Dr. Peggy Petrochenkov, Program Officer in the U.S. office, and Dr. Phuong Nguyen, the VEF Country Director in Hanoi.

Activities outside the aegis of VEF include a scheduled visit to the United States of the President of Vietnam in late July and continuing efforts by the White House Personnel Office to nominate new Presidential Appointees to the VEF Board of Directors (the vetting process on some candidates has begun).

Finally, Dr. McNamara commended staff for outstanding work with the program participants – the Fellows, Visiting Scholars, and Faculty Scholars—particularly with regard to the Pre-Departure Orientation and the Alumni Conference in Vietnam and the U.S. Faculty Scholar Orientation in the United States.

Ethics Report – Donna Brickers (Designated Agency Ethics Officer - DAEO)

Ms. Brickers provided an update on the ethics requirements for Board members.

At this point in the meeting, Dr. Silvera called for a closed Executive Session.

Discussion of Issues Addressed During the Executive Session

Mr. Kiwan reviewed the recommendations that were approved as a result of the discussions in Executive Session.

1. Existing accruals of comp time must be used per federal policy, which is within 26 pay periods of accrual (within one year from the time of earning the comp time).
2. VEF should adopt a policy concerning comp time that is congruent with the policies of other Executive Branch agencies.
3. The maximum comp time balance that can be accrued should not exceed 24 hours (higher when comp time is accumulated as a result of official travel).

4. Employees should not sign their own or each other's time sheets. (Dr. McNamara stated that policy had already been put in place that employees may not sign their own time sheets, nor time sheets of each other. Ms. Brickers is the designated person to sign all employee time sheets, and the Executive Director signs Ms. Bricker's time sheet. There was a suggestion that Mr. Wynings sign the Executive Director's time record.)
5. Travel expenses should be reviewed with an eye toward efficiency and economy. Travel should be approved only when essential to the mission of the VEF.
6. Inflation adjustments for employees in the Hanoi office should be related to U.S. inflation indicators since salaries are calculated in U.S. dollars, even though paid in Vietnamese Dong.

During discussion, Mr. Kiwan proposed payout of all accruals through September 30, 2012, the previous fiscal year, but any accruals in this fiscal year 2013 (October 1, 2013, to September 30, 2014) could only be taken in time off. Dr. McNamara commented that, as a result of a policy memo sent by her, the U.S. staff currently understands that comp time will be paid in cash if they are not able to take accrued comp time by the deadline (i.e., within 26 pay periods from the time of earning the comp time), but that comp time accrued after June 30, 2013, could only be taken as time off. She confirmed that a request to GSA to extend the deadline from within 26 pay periods to within three years was denied, since time is too short to reduce accruals before the deadline proposed by Mr. Kiwan. Dr. McNamara observed that the policy proposed by the Board could force staff to forfeit accrued comp time without any other compensation – this would be contrary to the promises made to the staff about funds being paid if it was impractical to arrange time off to reduce comp time balances. Dr. McNamara expressed concern that the policy could precipitate resignations, which could place VEF in a very difficult position. Dr. Silvera proposed a payout for the period in the summer in which the people would be in Vietnam and will not be able to reduce balances by the deadline. Mr. Kiwan proposed that this period be to the end of September 2012.

Asked if the comp time balances were available so that the Board could grasp the magnitude of the requested payouts, Dr. McNamara stated that specific balances could be provided after the meeting. She added that Mr. Wynings had included potential payouts in the budget in case they were required. It was noted by a Board member that the high level of comp time suggested a potential management issue, which should be capable of resolution by hiring additional personnel or using contractors. Both financial and human resources appear to be strained.

The Board went into a second executive session to discuss the issue, after which Dr. Silvera announced that the previously articulated policy, which would have required all accumulated comp time from FY 2012 to be offset with time off or forfeited by September 30, 2013, was revised by the Board to begin on April 5, 2013, thereby allowing payment for comp time accumulated before April 5, 2013, and not used within 26 pay periods, but disallowing payment for comp time accumulated from April 5, 2013, forward. Any comp time accumulated from April 5, 2013, forward must be used or forfeited within 26 pay periods from the time of accrual.

Management Issues

There was a brief discussion of possible solutions to the issues related to the level of financial and human resources. Since there is a large time component to preparing for Board meetings, there was a recommendation to reduce the number of Board meetings to two per year. Mr. Marshall observed that other Boards he is on do not have the same volume of information prepared for each meeting – perhaps the detail is not necessary. Immigration administration requires a significant amount of time and expertise. There was a suggestion that VEF consider using outside contractors, a practice common to other federal agencies. Dr. McNamara pointed out that cost for outsourcing could be as much as four times the current cost.

Discussion of Agenda Items Requiring Board Approval

Dr. Silvera stated that, because the issue of comp time policy consumed more time than anticipated, the agenda would be truncated to include only those items requiring Board action. The other informational items could be addressed in a post-meeting memorandum, if needed.

Research by external consultant regarding salaries/wages and benefits in Vietnam

Ms. Dang and Mr. Kiwan, as a committee of two, investigated consulting firms that could provide a survey of salaries and benefits related to professional positions similar to those of the VEF personnel in the Hanoi office. Of several companies interviewed, the interview team recommended a company, called Zane Consulting, to provide the survey for a fee of about \$11,000. Since VEF also uses TalentNet as the employment contractor for the Hanoi office, Mr. Kiwan suggested that its partner organization, ADP, could be asked to provide corroborating information about salary ranges and benefits in Vietnam. TalentNet has partnered with this large, internationally recognized firm that provides payroll services in Vietnam, which would broaden the information base for salary comparisons. TalentNet quoted about \$5,000 for their survey, bringing the total estimate of cost to about \$17,000, well under the budgeted amount of \$25,000 in the proposed budget. On motion duly made and seconded, the Board unanimously approved the recommendation.

Discussion of salary payment to Board members traveling to Vietnam

The Board discussed Board member salaries when traveling to Vietnam. Ms. Dang commented that the budgeted line item for Board travel of \$100,923 out of the approximate \$5.6 million for all expenses is nominal (1.8% of budget) compared to the value of the Board oversight provided during the year. Daily salary for Board members is presently established by the U.S. Government at \$576¹. On motion duly made and seconded, the Board unanimously approved payment of a daily salary amount of \$576 to Board members who travel to Vietnam for programmatic reasons.

¹ As stated in the VEF legislation (P.L. 106-554, passed 12/20/2000, known as the Vietnam Education Foundation Act of 2000), the compensation of Presidential Appointees on the VEF Board of Directors “shall be paid at the daily equivalent of the rate of basic pay payable for positions at level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the actual performance of duties as a Board member.” [Section 205 (f)(3)]

Discussion of Ministry of Science and Technology (MOST) request for FIRST Project support

There was a discussion about a request by the Ministry of Science and Technology (MOST) for VEF to provide support and assistance for a new project known as FIRST – Furthering Innovation in Research and Science Technology. Although a number of Board members endorsed the FIRST concept, Dr. McNamara expressed concern that the support would require resources that might not be available, particularly manpower, which would be involved in arranging meetings, developing training programs, encouraging Vietnamese scientists to return to Vietnam, and other duties that would contribute to developing the FIRST program. She also expressed doubt that MOST would be able to financially support VEF’s contribution. The proposal was tabled until the next Board meeting.

Discussion of future Alumni Conferences and Annual Conferences

A revision in the schedule of annual meetings was proposed, which required Board approval. Dr. McNamara put forth the recommendation that the 2015 Annual Conference in the United States be deferred until 2016 because of a lack of funds in the FY 2014 budget for the approximate \$250,000 required to organize the event. Also because of budgetary constraints, she recommended limiting the annual Alumni Conference in Vietnam to one day in each of two cities, Hanoi and Ho Chi Minh City. Dr. Petrochenkov commented that the National Academies had originally recommended the Annual Conference as the most effective mechanism to bring Fellows together to exchange ideas and to develop network connections. Ms. Dang felt that having the conference every other year would not adversely impact that objective.

Noting that there had been a statement that VEF funds should not have been sequestered because of the nature of its structure (i.e., the funds are not appropriated annually, but were appropriated fully within the initial legislation), the sequestered funds should be returned and potentially could be released to VEF, if an appeal is made. Staff had agreed to pursue a reversal of the sequester rule, and Dr. Silvera stated that, should the funds be returned, they should be used to fund the 2015 Annual Conference. On motion duly made and seconded, that recommendation was unanimously approved.

Change in Professional Development Grant (PDG) policy

Another item requiring Board approval was a revision in the policy with regard to awarding of Professional Development Grants. Ms. Gunawardena explained that the present policy had been approved to provide an annual grant of \$1,000 to all Fellows for as long as they were enrolled in their degree program under the aegis of VEF. That could extend to as many as eight years. She explained that the Fellows could spend the money on an approved list of items that would enhance professional development, including expenses related to attendance at professional meetings, computers and software, English language training, and contracting for statistical services. Ms. Gunawardena offered a recommendation that the grant of \$1,000 per year be divided into two payments of \$500 for each semester, in case the Fellow did not stay enrolled for the full academic year. There was also a suggestion that the award be \$1,000 for the first year only, and \$500 for subsequent years.

Finally, there was a suggestion that the Board would benefit from more information about how the Fellows were actually spending the funds. Dr. McNamara noted that VEF collects this information annually and provides to the Board. Dr. McNamara commented that it would be inappropriate to suddenly change the policy for FY 2013 awards, and that the change should occur in FY 2014, which would allow sufficient time to reconsider the issue at the next Board meeting. Mr. Wynings noted that the Board should be mindful of the fact that approval of any policy extending as much as eight years into the future would require payment of funds when VEF would no longer receive an annual payment from Treasury, and such a policy should be discussed in that context. Dr. Silvera suggested tabling the issue until the next Board meeting, and there was consensus to defer discussion.

Discussion of revision of grant funding for U.S. Faculty Scholars

Concerning the agenda item to consider a reduction in the grant for U.S. Faculty Scholars from \$55,000 to \$40,000, Dr. Silvera reminded the Board that the issue had been discussed during the Finance Committee meeting, and there was agreement to authorize only one Faculty Scholar award and leave the award at the original \$55,000 level. The Board expressed consensus that the amount of the award should not be changed, and that only one Faculty Scholar position should be approved for FY 2014.

Competitive grants to support VEF alumni at Vietnamese universities

Dr. Silvera explained a proposal, developed by former VEF Executive Director Dr. Vo Van Toi and Dr. Silvera, to establish a funded program to support VEF alumni returning to Vietnam, who are willing to become part of a university research program. The program would assure a starting salary of at least \$2,000 a month (considerably higher than present entry level salaries of about \$500 a month) and a Vietnamese government-funded \$10,000 start-up grant to establish a research project. The Vietnamese government would fund the project and subsidize the monthly salary in the amount of \$1,500. Although there would be no VEF funding involved, VEF's participation would include help in selecting ten grantees each year. There was concern expressed that a program expected to last ten years would not conform to the VEF timeframe for its sunset.

Dr. Silvera explained that the initial step would be to present a proposal to the Vietnamese Deputy Prime Minister within the next few months to explore the feasibility of the program and to see whether or not the Vietnamese government would be willing to financially support the program. Dr. McNamara agreed that the concept was good and that VEF alumni certainly deserve such support when returning to Vietnam, but she raised the same concern she expressed earlier that VEF might not have the human resources to support the program. She felt it would require hiring an additional Program Associate, which might cost up to \$100,000 annually. There might also be a need to budget for additional office space. She was not optimistic that support from the Vietnamese side would be significant. Dr. Silvera sympathized with the concern, but observed that, if the program was subject to a prioritization analysis, it might be considered more important than an Annual Conference.

Dr. Silvera proposed, since the concept was valid, pending the outcome of discussions with the Deputy Prime Minister in terms of a funding commitment, that the Board approve the concept and revisit the proposal during the fall Board of Directors meeting. The proposal was unanimously endorsed by the Board members present.

Discussion of the FY 2014 Proposed Budget

Dr. Silvera reviewed the discussion of the Finance Committee on the preceding day that resulted in a recommendation that the budget include approval for 40 Fellows, three Visiting Scholars, and one U.S. Faculty Scholar in the FY 2014 cohorts. The budget was also designed to reserve a cushion of \$1.5 million to provide fluidity of financial operations from the end of the fiscal year (September 30, 2013) until the first month (January) of calendar year 2014, when the Vietnamese government submits funds to the U.S. government and the annual payment of \$5 million is then available to be paid by the U.S. Treasury to VEF. Mr. Kiwan added that, for each of the succeeding two fiscal years (FY 2015 and FY 2016), the assumption is that the budget will provide funding for 35 Fellows, 3 Visiting Scholars, and 1 Faculty Scholar. Unless sequestered funds are returned to VEF, the Annual Conference in January 2015 was deferred until January 2016, and FY 2016 will be the last year to award grants to Fellows. The budget proposal is for \$5,689,527 in FY 2014.

On motion duly made and seconded, the proposed budget for FY 2014 was unanimously approved.

Closing discussion and adjournment

Dr. Silvera expressed his opinion that Board members, who may in the future want tasks done by staff, should submit requests to Dr. McNamara, since it is her responsibility to coordinate available staff time for projects. Secondly, he requested that Board members, who visit Vietnam, avoid private meetings with individuals, who may be or may become candidates for VEF Fellowship or grant awards. It is important for the VEF image that there be no impression that there might be favoritism for candidates from the Board; all applicants should be treated evenhandedly. Such conversations should be arranged to include a VEF staff member. Dr. McNamara agreed, noting that staff, who are fully conversant in what may or may not be

available through VEF, could be helpful in discussing and clarifying options and program matters.

Dr. Silvera noted that the Board had agreed to maintain a schedule of three Board meetings in the coming year, and he suggested that each be preceded by an informal “pre-discussion,” during which issues that might be considered by the Board could be reviewed. There would be no formal notes or minutes taken. The session would occur on the day preceding the official Board meeting.

Ms. Quyen Vuong observed that, although she was under the impression that she and Ms. Anhlan Nguyen were members of the Finance Committee, their names were not so indicated on the official agenda.

Finally, there was a brief discussion of the issue of a Board member meeting privately with VEF Fellows, who may be in Vietnam at the same time as the Board member. Dr. McNamara indicated that such private meetings might be perceived as testament that there was distrust between the Board members and staff. Ms. Gunawardena added that the only time she meets privately with Fellows is to discuss immigration issues, which are considered confidential. Because of the press of time, Dr. Silvera suggested that the issue be discussed at another time.

(Whereupon, the Board reached a consensus to adjourn the meeting.)