

Corporation for National and Community Service  
Board of Directors  
Management, Audit, and Governance Committee

**Minutes of May 15, 2008 Meeting**

**Location:** CNCS, Room 8312  
**Time:** 1:00 p.m. – 3:00 p.m.  
**Members present:** Jack Lew (Committee Chair), Steve Goldsmith (Board Chair),  
Vince Juaristi (Board Vice-chair)

Budget

CEO David Eisner detailed plans in fiscal year 2008 to reduce spending to remain within the available budget for salaries and expenses. This includes reducing hiring, reducing discretionary staff, curtailing travel and training costs, while reserving funds needed for technology costs necessary to achieve stability. Longer term, salary costs have expanded in recent years above cost-of-living increases, putting pressure on non-salary costs.

The committee engaged in an extended discussion, including the possibility of Congress authorizing the transfer of program funds to salaries and expenses. At this time, this appears to be an unlikely outcome but would enable the agency to remain at an optimal operational level. While the Corporation will continue to pursue a legislative solution, it will operate in a manner that will reduce spending to meet all non-discretionary requirements with current appropriations. Discussion covered other funds that might be available without the necessity of statutory transfer language, but no source was identified.

Pay and Compensation

The committee discussed making annual bonuses smaller in number but larger in amount, with recipients recognized at an agency celebration. The committee noted that funds available for pay adjustments and bonuses in fiscal year 2009 may need to be lower than in the recent past, to address the salary vs. non-salary trend identified in the CEO's report, with the goal of achieving the right balance between merit pay increases and bonuses. Discussion also covered the risk of dampening morale during the transition.

Technology

The committee reviewed findings and recommendations from an outside consultant regarding the Corporation's information technology challenges. Recommendations

include aligning IT governance, focusing accountability, upgrading software, and equipping the agency to provide 24-7 IT support. Mr. Thompson is scheduled to brief committee members separately.

The committee discussed different approaches to improving the IT environment and focused on the need to coordinate IT improvements in a manner that accounts for staff leaving during the upcoming transition. Because improvements are needed right away and will continue during the transition, additional oversight by the committee will be needed over the coming year.

#### Metrics

The committee reviewed the financial metrics and did not note any particular area of significant weakness.

#### Strategic Plan Performance Measures

The committee reviewed discussions staff have had with OMB regarding revisions to performance measures. The understanding with OMB is that the Board will review proposed updates at the September meeting.

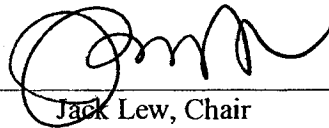
#### Executive Session with Inspector General

The committee met with the Inspector General, and several OIG staff, in executive session for 45 minutes. The IG provided a written presentation dated May 15, 2008.

#### Executive Session with CEO

The committee met with the CEO, and several staff, in executive session for 15 minutes.

Approved by:

  
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Jack Lew, Chair

5/20/08

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Date