

Minutes of
WRC Governing Board
September 12, 2003

Attending: Mark Barenberg, Linda Chavez-Thompson (departed before adjournment), Christine Nguyen, Rachel Jacques, Audrey Avila, Jim Brudney, Doug Shaw, Megan Murphy, Colin O'Malley, Jill Esbenshade, Rut Tufts, Chris Howell (arrived later in morning), Scott Nova, Anne O'Rourke. Attending portions of the meeting were Ron Blackwell (AFL-CIO), Mady Gilson (WRC attorney), Agatha Schmaedick, Ashwini Sukthankar, Nancy Steffan, Sherry Johnson. Unable to attend were David Dyson, Marcella David and Katie Quan.

In the absence of David Dyson, all approved unanimously the motion for Mark Barenberg to chair the meeting.

All approved unanimously the ratification of new board member Christine Nguyen (University of California, Los Angeles) to succeed Leanne Thach (University of California, Riverside) as a new USAS representative.

All approved unanimously the minutes of May 19, 2003.

Executive Director's Report: Scott Nova reported on WRC finances stating that the WRC ended fiscal year 2003 with \$839,000 in income (roughly \$22,000 above projections) and with \$828,997 in expenses. This \$10,000 surplus was contributed to the Reserve Fund, leaving a fund balance of \$124. Significant variances in expenses, relative to earlier projections, included professional fees being \$23,000 higher than budgeted partially due to increased accounting and auditing fees and partially due to an estimated \$5,500 payment that occurred at the end of FY 2003 rather than as expected in FY 2004. There was also \$33,000 in general staff travel that will soon be allocated to specific factory projects causing a revision in both line items. Total project expenses will still be somewhat lower than anticipated, which reflects an overestimation of the fees and expenses associated with individual projects.

Significant variances in income relative to earlier projections included foundation grant income being \$52,500 more than budgeted mostly due to an unexpected grant from the Rockefeller Foundation. The WRC also drew down \$15,000 less than anticipated from its State Department grant and the \$20,000 Labor Department grant will be received in FY 2004 rather than FY 2003. It was clarified that WRC spending, by category, breaks down as 78% program spending with the remainder being fundraising and administration.

For the FY 2004 budget, it was explained that roughly \$50,000 of the anticipated \$86,000 surplus is still available, but is reflected in the government funding line item and on the expense side of the budget, rather than in the surplus line item. The remaining difference reflects a lower than anticipated actual surplus, the result of higher than expected expenditures in the final two months of the fiscal year, including legal fees, payroll, projects and office expenses.

Another significant development is the approval of a \$600,000 multi-year State Department grant and the acceleration of the grant timetable. The WRC originally anticipated drawing down \$50,000 on this new grant in FY 2004, but now plans to draw down \$90,000. In total, FY 2004 income is projected at \$974,000, roughly \$10,000 less than in the budget approved in May. On the expense side, budget projections were revised for recent savings on payroll due to staff transition and increases in costs and legal fees associated with collective bargaining. These adjustments have been made pending the board's approval of the tentative collective bargaining

agreement. Overall, expenses for the year are estimated at \$930,000, roughly \$19,000 under initial projections. This will leave a surplus of \$43,000 – \$34,000 of which will be contributed to the WRC Reserve Fund.

In response to questions, it was clarified that the WRC budget is done on an accrual basis and cash flow reporting is done on a cash flow basis.

It was explained that about \$20,000 in affiliate fees are still pending for FY 2003 mostly from smaller schools; that private donor strategies will be developed to help offset the future possibility of reduced State Department funding; and that foundation strategies have been generally successful with potential for growth.

The WRC has added three new affiliates since the last board meeting: the University of Illinois at Springfield, St John's University, and Ohio Wesleyan.

Scott introduced the new staff and thanked them for their contribution to the WRC: Sherry Johnson (Business Manager, who will be the contact person for financial matters); Nancy Steffan (Deputy Program Associate and former USAS representative on the WRC Board, who will focus on student involvement and Latin America work); and Lorraine Clewer (who will be formally hired for a Latin America position when her visa is resolved and who has extensive experience with NGOs, monitoring and economic research including a m. phil. from Cambridge in development studies).

Staffing structure was discussed explaining that the WRC is changing the previous outreach director position to reflect a more effective strategy of recruiting regional specialists and local consultants who possess critical knowledge and contacts. Issues were raised about the importance of developing a China strategy; priorities in addition to China including Eastern Europe, Africa, the Middle East and South Asia; perceived gaps which should be alleviated with the recent hire for Latin America; prioritizing China and South East Asia where apparel production is highest and likely to increase; the difficulty of applying in China the WRC model requiring NGO involvement; and possible resources for developing a China strategy. It was decided that the WRC would post announcements for field positions identifying regional priorities with individual positions determined by the candidate's qualifications. USAS stressed that they wanted the WRC advisory council to meet more often and Scott agreed that reinvigorating the advisory council will be a priority and will benefit from WRC field work that recruits new people to help rotate membership and create a more active body.

Scott also reported on the multi-stakeholder project, where various entities are seeking to work together on monitoring (ETI, FLA, CCC, WRC, etc.). Turkey has been selected for a model project. This may have positive results in highlighting best monitoring practices including off-site worker interviews and also in educating people about evaluating monitoring methods. The WRC will incur no costs for this work. In response to concerns that the WRC remain independent and vigilant that its participation not violate any WRC principles, Nancy Steffan will provide regular updates to USAS.

Chris Howell delivered the Treasurer's Report summarizing the WRC's financially healthy status. It was decided to formalize later in the meeting his proposal to replace the redundant written report from the treasurer with another mechanism for the audit committee to review and endorse financial information, discuss any questions with the Executive Director and present a report to the board.

Collective Bargaining Agreement: The board went into executive session and confidential minutes were kept for the entire session. At the conclusion the Board expressed its thanks to all participants and voted unanimously to approve the collective bargaining agreement with an effective date of September 15, 2003.

Program Report: The Executive Director and staff reported on recent program work, including the following factory investigations: Texport (India); Tarrant (Mexico); PT Dae Joo Leports (Indonesia); PT Kolon Langgeng (Indonesia); PT Kahatex (Indonesia); and Primo (El Salvador).

There was a general expression that the primary contact updates are helpful and Scott agreed to provide a new update soon.

Scott indicated that he could discuss the wage disclosure campaign with technical people at CLC but the first step is still for schools to request wage data.

It was discussed that a database conversion is underway including a new web interface. The estimated completion schedule is 6 weeks and an update will be posted on the WRC website.

WRC Role in Monitoring Government and Other Non-university Codes of Conduct: It was explained that the State of California, City of Los Angeles and Los Angeles Unified School District approached the WRC about the possibility of monitoring code of conduct compliance with respect to government procurement which totals about several billion dollars annually. There was an expression of tentative optimism that the WRC could do this work without detracting from its primary work on behalf of colleges and universities. It was also suggested that if the WRC moved in this direction, it could consider creating a parallel division or separate organization. The Executive Director stressed that any undertaking would have to include enough funding to cover the work without any net cost to the WRC. There was discussion that board approval would be technically necessary and that board support would be critical in any case. There were expressions of concern about the potential pitfalls of expanding the organization's scope in this manner. There were also concerns about how students would be involved. Possible benefits would include combining the WRC model with government enforcement and gains in synergy and leverage, but there are risks in any NGO growing too fast. Some board members stated that the school district and apparel sector focus may provide the closest connection. More questions were raised about the role of students and other public constituencies. The board agreed it was comfortable to continue exploring this matter. Scott agreed to provide a written thought piece on this potential shift and its impact on the WRC.

Audit Committee Resolution: Chris presented the following resolution: "The Audit Committee, composed of one representative from each of the WRC's three constituencies, will be provided with budgetary data on a quarterly basis. The Audit Committee will confer with the Executive Director in its examination of these data, and then present a report at each board meeting. This will substitute for a written Treasurer's report."

The board decided to act on the basis of this resolution pending approval at the next meeting.

Scheduling Next Meeting: Possible dates were proposed for the next board meeting including January 23, 2004 (Friday); January 24, 2004 (Saturday); January 30, 2004 (Friday); and January 31, 2004 (Saturday). These dates will be circulated to the board to schedule the next board meeting.

The meeting was adjourned with thanks to all for their participation.