Empowering Your Board for Success

Region III webinar
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Today’s Agenda

• Rules and guidance governing tripartite boards
• Tripartite board composition requirements
• Effectively recruiting and selecting board members
• Boosting board engagement
• Focusing the board on strategy
• Keeping the board fresh

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Rules and Guidance Governing Tripartite Board

Federal CSBG Act & regs
(42 U.S.C. § 9910)

CSBG contract with state

CAA Boards

For some states, State CSBG statute & regs

If applicable, Head Start Act
(42 U.S.C. § 9837(c)(1))

CAA’s Articles of Incorporation & Bylaws

State Nonprofit Corp. Act

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Role of Tripartite Board

TRIPARTITE BOARD ADMINISTERS CSBG PROGRAM AND IS FULLY ENGAGED IN...

Development
Evaluation
Planning
Implementation

Federal CSBG Act (42 U.S.C. § 9910), OCS IMs 82 and 138

Federal CSBG Act: Purposes & Goals

Reduce poverty
Revitalize low-income communities
Empower low-income families and individuals to become fully self-sufficient
CSBG Act Purposes and Goals

- Maximum participation of low-income communities
- Leveraging the resources of other anti-poverty programs
- Strengthening community capabilities for planning or coordinating resources responsive to local needs and conditions
- Using innovative approaches to attack causes and effects of poverty
- Organizing services to have a measurable impact on causes of poverty

Guidance on Tripartite Boards

Federal Office of Community Services (OCS)

- Selection and composition requirements
- Roles and responsibilities

OCS Information Memorandum (IM) #82: Tripartite Boards

IM #138: CSBG Organizational Standards

- OCS-recommended as performance management initiative
- Standards adopted by states
CSBG Organizational Standards
Organized into three thematic groups

Maximum Feasible Participation
- Consumer input and involvement
- Community engagement
- Community assessment

Vision and Direction
- Organizational leadership
- Board governance
- Strategic planning

Operations and Accountability
- Human resource management
- Financial operations and oversight
- Data and analysis

CSBG Org. Standards Resources

Self-Assessment Tool – Nonprofit & Public CAAs:
http://www.communityactionpartnership.com/index.php?option=com_content&task=view&id=31&Itemid=237#STANDARDS

Series of 10 Videos on Org. Standards for Board Members:
https://www.youtube.com/watch?v=_1rtJfpOZkk&list=PLMVDY93WcEkgzytF_TUostM98dB1l3T
Tripartite Board Composition Requirements

At least 1/3: Low-Income sector

1/3: Public Officials

Remainder: Private Sector

Standard 5.1: Nonprofit/Public
- The org.’s governing board/advisory body is structured in compliance with the federal CSBG Act

Standard 5.5: Nonprofit/Public
- Governing board/advisory body fills board vacancies as set out in its bylaws

~ 42 U.S.C. § 9910

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Tripartite Boards
Composition and Selection

• Board members are to be chosen by grantee
  – Must use democratic selection process for low-income board members
  – Public CAA – tripartite board can make recommendations to governing officials

Recommendation

• Have board members elected by full board (for nonprofit CAAs) or governing officials (for public CAAs) once chosen through appropriate selection process
Tripartite Boards
Residency Requirements

- **Nonprofit CAA**: if low-income rep. chosen to represent a particular neighborhood, must live there
- **Public CAA**: low-income rep must live in service area

– 42 U.S.C. § 9901

Public Sector

- Under federal law, no longer required to include or be chosen by “chief elected officials”

**Recommendation - Nonprofit**
- For flexibility, specify in bylaws that CAA itself elects public official board members – but not specify which ones

**Recommendation - Public**
- To increase diversity, since governing officials of city/county often already have input (and in many cases, final say) on decisions affecting CAA, consider including other public officials on tripartite board
Public Sector

• CSBG Act says “holding office at time of selection”
  – OCS IM 82 recommends that public officials serve only while they are in office

Recommendation

• Have specific terms rather than permitting public officials to stay on the board as long as they are in public office

Public Sector

• If elected officials not available, may include appointed
  • Elected or appointed official may select a representative to serve in his/her place

Recommendation

• Consider requiring full board to approve representative selected by an elected or appointed official
Low-Income Sector
Nonprofit CAAs

• Must be democratically selected to assure representative of low-income people in service area
• If chosen to represent a particular neighborhood, must live there

Low-Income Sector
Public CAAs

• Must be representative of low-income individuals and families in service area
• Must live in service area
• Must be able to participate actively in development, planning, implementation and evaluation of CSBG programs
Low-Income Sector

• Should represent current low-income residents, but don’t need to be low-income themselves

Recommendation

• Have at least some, if not all, low-income board members who are low-income themselves

Democratic selection options:

- General election
- Public forum
- PTA
- Policy council
- Faith-based group
- Tenants association
- Community health center board

*Micro-democratic election procedure:
Group predominately made up of low-income individuals may elect someone from within the group to serve as the low-income rep.

— OCS IM 82
Low-Income Sector

• Board member should **NOT** be chosen by:
  – Typical board selection process
  – Board nominating committee
  – E.D. of the CAA or another service provider

– OCS IM 82

Low-income Sector

CAPLAW Democratic Selection Procedures Case Studies, [http://caplaw.org/resources/PublicationDocuments/raisingthelowincomevoice.html](http://caplaw.org/resources/PublicationDocuments/raisingthelowincomevoice.html)

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Low-Income Sector
Democratic Selection

Standard 5.2: Nonprofit/Public

- Org’s governing board/advisory body has **written procedures** that document a democratic selection process for low-income board members adequate to assure that they are representative of the low-income community.

Recommendation

- For flexibility, unless required by state CSBG laws to do so, consider *not* including written procedures for democratic selection process in bylaws. Create a **separate document**, referred to in the bylaws and approved by board.

Private Sector
Individuals or Groups

- Grantee may choose representatives from organizations **or individuals**

Recommendation

- If choosing reps from org, board has more flexibility if bylaws don’t specify which orgs
Effectively Recruiting and Selecting Board Members

Elements of Effective Recruitment

Needs
Attributes
Mission, values, interests
Expectations
Commitment
Board Selection Procedure

- Use board committee
- Recruit smartly & strategically
- Require applications
- Follow selection procedures
Governance/Board Development Committee

- Oversees processes for selecting board members and filling vacancies
- Standing Committee
  - Meets throughout the year (not just before board elections)
- Works with ED to ensure board functions well
- Coordinates board orientation and training
- Implements board self-assessment process
- Coordinates periodic review of governing documents

Bylaws/Governing Documents

**Standard 5.3: Nonprofit**
- Org’s bylaws have been reviewed by an attorney within the past 5 years (not applicable to public CAA).

**Standard 5.4: Nonprofit/Public**
- Org/dept. documents that each board member has received a copy of the bylaws within the past 2 years.
Board Orientation/Training

**Standard 5.7: Nonprofit/Public**

- Org./Dept. has a process to provide a structured orientation for governing/advisory board members within 6 months of being seated.

*See page 21 – Tip: Use minutes as board orientation tool!*

**Standard 5.8: Nonprofit/Public**

- Board members have been provided with training on their duties and responsibilities within the past 2 years.
Board Orientation and Training

- Written job descriptions/expectations for board members
- Orientation process for new board members
  - Board handbook with critical info and background on CAA
  - Mentoring by experienced board members
- Regular board training
  - All board members attend
  - Consider additional training on reading the financial statements and the audit

Boosting Board Engagement
Board Self-Assessment

Benefits

• Opportunity to reflect on board responsibilities, both individual and shared
• Identify varying perceptions and opinions among board members
• Clarify and manage expectations
• Act as a platform for setting and attaining board priorities and goals
• Inspire board to work as a team to strengthen org.

Board Self-Assessment

Sample

SECTION 1: VISION AND MISSION

<table>
<thead>
<tr>
<th>RESPONSE RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>Strongly Agree with Statement</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>Agree with Statement</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>Disagree with Statement</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>Strongly Disagree with Statement</td>
</tr>
<tr>
<td>DK</td>
</tr>
<tr>
<td>Don't Know</td>
</tr>
</tbody>
</table>

ANSWER THESE QUESTIONS BASED ON YOUR PERCEPTION OF BOARD’S PERFORMANCE

<table>
<thead>
<tr>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The organization has clearly stated vision and mission statements.</td>
</tr>
<tr>
<td>2. The organization’s vision and mission have specific goals.</td>
</tr>
<tr>
<td>3. The organization’s mission is clearly understood and accepted by the board.</td>
</tr>
<tr>
<td>4. The board considers how all programs, activities, and policy decisions fit with the organization’s mission.</td>
</tr>
<tr>
<td>5. There is consensus among the board that the vision and mission accurately reflect where the organization is headed in the next two to three years.</td>
</tr>
</tbody>
</table>

6. What are your suggestions for how the board can do a better job in this area?
Board Self-Assessment
Resources

- Decide on and use appropriate format/tool
  - NH Center for Nonprofits, 
    http://www.nhnonprofits.org/view/member-benefits/256
  - National Council of Nonprofits, 
    http://www.councilofnonprofits.org/resources/resources-topic/boards-governance/board-member-self-assessment
  - Report Card for Board of Directors and Individual Directors, 
    http://www.caplaw.org/resources/SelfAssessmentDocuments/FoleyHoag_DirectorReportcard_2007.pdf (developed by Foley Hoag)

Building Relationships
Role of the Board Chair

- Presides at board meetings
- Works with Executive Director (and Executive Committee, if applicable) to plan meeting agendas
- Supports and acts as sounding board for executive director
- Acts as spokesperson for board
  - If given that authority by the board
- Depending on state law and bylaws, may appoint committee members and serve as ex officio member of committees
Building Relationships
Role of the Board Chair

- Works with governance/board development committee and ED to **identify and recruit new board members**
- Identifies board members for **future leadership positions** and helps them develop leadership skills

Building Relationships
Executive Director and Board Chair

<table>
<thead>
<tr>
<th>Establish expectations</th>
<th>Keep communication lines open</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of check-ins</td>
<td>Regular communication</td>
</tr>
<tr>
<td>Priorities</td>
<td>Identify and work to resolve differences in non-defensive ways</td>
</tr>
<tr>
<td>Issues to communicate</td>
<td></td>
</tr>
<tr>
<td>Communications style</td>
<td></td>
</tr>
<tr>
<td>Sounding board/feedback</td>
<td></td>
</tr>
<tr>
<td>Ways to support each other</td>
<td></td>
</tr>
</tbody>
</table>
Building Relationships
Executive Director and Board Members

• Meet one-on-one with board members; among other things, find out:
  – What motivates each to serve on the board?
  – How do they connect with the org’s mission?
  – What do they hope to gain from board service?
  – What can they contribute?
  – What skills/knowledge do they need or want to develop to become a more effective board member?
  – What could make their experience more satisfying?

• Periodic check-ins

Developing Board Members

• Provide board members with opportunities to develop their skills as board members

• Help board members get to know each other
  – Mentors for new board members
  – Invite them to introduce themselves, tell their stories
Developing Board Members

• Be on the lookout for board members who show aptitude for and interest in leadership roles
  – Give them an opportunity to try out those roles (assignments, projects)

• “Know that every board member has value to offer and discover how best to maximize what each has to offer”
  – Board Source: *Building the Governance Partnership: The Chief Executive’s Guide to Getting the Most from the Board*

Developing Board Members

• Encourage board members to be actively engaged at board meetings
  – Seek input from individual board members

• Conclude meeting with action items
  – Assign tasks to committees or individuals
  – Check in between board meetings to be sure they have the support they need
CSBG Organizational Standards
Focus on Regular Strategic Planning

Standard 6.1: Nonprofit/Public
- Org./dept. has an agency-wide strategic plan in place that has been approved/reviewed & accepted by the governing/advisory board within the past 5 years.

Standard 6.5: Nonprofit/Public
- Governing/advisory board has received an update(s) on progress meeting the goals of the strategic plan within the past 12 months.

Standard 5.9: Nonprofit/Public
- Org.’s/dept.’s governing/advisory board receives programmatic reports at each regular board meeting.

Regular Strategic and Programmatic Reviews

- **5-Year Review** (Strategic)
- **3-Year Review** (Strategic / Community Needs Assessment)
- **Annual Review** (Milestone / Programmatic)
- **Review at Every Board Meeting** (Milestone / Programmatic)
Strategic Agendas

- Strike a **balance** between “routine” agenda items (e.g., contract approvals etc.) and strategy discussions
  - Consider using a consent agenda for routine items
- How will **agenda items and information** provided to board members help board:
  - Connect with the org’s mission
  - Enhance board functioning
  - Provide oversight
  - Identify and make decisions on key issues
- Consider using **dashboards**

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### Strategic Dashboard

#### Financial Indicators

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>This month</th>
<th>Last month</th>
<th>Last year end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(deficit) YTD</td>
<td>$270,000</td>
<td>$306,842</td>
<td>$340,908</td>
<td>($570,240)</td>
</tr>
<tr>
<td>Surplus/(deficit) year-end forecast</td>
<td>$270,000</td>
<td>$30,937</td>
<td>$250,987</td>
<td>($570,240)</td>
</tr>
<tr>
<td>Earned income ratio</td>
<td>11.5%</td>
<td>10.3%</td>
<td>11.8%</td>
<td>13.0%</td>
</tr>
<tr>
<td>New grants success ratio</td>
<td>50.0%</td>
<td>35.0%</td>
<td>33.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Days cash on hand (unrestricted)</td>
<td>45</td>
<td>43</td>
<td>28</td>
<td>51</td>
</tr>
<tr>
<td>Reserve funds balance (1 month payroll)</td>
<td>$250,000</td>
<td>$200,000</td>
<td>$150,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Current ratio</td>
<td>2 to 1</td>
<td>5.8</td>
<td>4.2</td>
<td>6.2</td>
</tr>
<tr>
<td>AR aged over 90 days</td>
<td>15.0%</td>
<td>22.3%</td>
<td>23.5%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

#### Income by Type

- **Gov’t Grants & Contracts** 56%
- **Corporate/ Foundation Grants** 16%
- **United Way** 14%
- **Program Fees** 10%
- **Individual Contributions** 4%

#### Cash Flow

- **Actual**
- **Projected**
- **Target** = $615,000 minimum

#### Program Indicators

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>This month</th>
<th>Last month</th>
<th>Last year end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weatherization/Contracts (monthly goal)</td>
<td>20</td>
<td>21</td>
<td>22</td>
<td>15</td>
</tr>
<tr>
<td>Head Start enrollment</td>
<td>100</td>
<td>60</td>
<td>58</td>
<td>109</td>
</tr>
<tr>
<td>Monthly job placements</td>
<td>30</td>
<td>11</td>
<td>14</td>
<td>32</td>
</tr>
</tbody>
</table>
Keep Focus on Strategy

• Board discusses and decides critical issues
  – Use mission and strategic plan to frame board discussions
  • Rather than just listening to reports by committees/staff

CSBG Organizational Standards:
Focus on Mission

Standard 4.1: Nonprofit/Public

• Governing/advisory board has reviewed the org.’s/dept.’s mission statement within the past 5 years and assured that: (1) The mission addresses poverty; and (2) The CAA’s programs and services are in alignment with the mission.
Mission and Resources

• What is the organization’s mission?
  – Does it need to be updated?
• Which needs can and should our organization most effectively meet?
• Do our current activities and programs align with those priorities?
  – If not, how can we re-align our current resources (staff, funds, facilities, IT etc.) to meet those needs?
• What additional resources do we need?
• What relationships do we need to develop in order to obtain and sustain those resources?

A Dual Bottom Line
Mission Impact and Financial Return

Source: Nonprofit Sustainability: Making Strategic Decisions for Financial Viability
Keeping the Board Fresh

Board Size

• Look at board size and decide on right number of board members
  – Federal CSBG Act does NOT address board size
  – Some states’ CSBG law and/or regs impose board size requirements
Board Members’ Terms

• Federal CSBG Act does **NOT** address CAA board terms or term limits

• **Bylaws** should **state** board members’ terms
  – If the bylaws are silent, state nonprofit corporation law may set a default term (e.g., 1 year)

Board Members’ Terms

• May provide for **staggered terms**
  – Good idea to have a mix of new and experienced board members
  – Terms can be different lengths for different sectors

• **Three-year** terms is a **common term** length for nonprofit board members
Term Limits

- If state law does not specify term limits, CAA board members may serve for any number of successive terms
  - Individual CAAs may decide to have term limits
  - Some CAAs permit board members who have reached their term limits to re-join the board after a break (e.g., 1 year)

Removal of Board Members

- Specify whether removal can be without cause, or whether it must be for cause
  - If for cause, define or give example(s) of what cause is in bylaws
    - But use “including, but not limited to”
  - Specify vote needed to remove board member in bylaws

Recommendation

- Consider including strong removal provisions in bylaws and use them if necessary.
Let’s explore.

COVER NEW GROUND at the

**2017 CAPLAW National Training Conference**

Denver Marriott City Center | Denver, Colorado | June 7 - 9, 2017