

## **Governance Proposal – Executive Summary**

### **I. Introduction**

Over the years, NYSARC, Inc. has made a number of attempts to review and change its governing structure. In fact, an internal report from as early as 1986<sup>1</sup> recommended that the Board of Governors be reduced to one individual per Chapter with a weighted vote to address:

“..the most frequent concerns raised by those giving input to the [committee]...report had to do with the current structure and the number of the Board of Governors. By having a Board of 64 individuals the meetings should become more manageable and agendas should be more meaningful and productive. The weighted vote system is being recommended so as to assure those chapters who currently have more than one vote that they will be able to maintain that number as well as increase...thereby maintaining the present spirit of democratic voting.”

Fourteen years later in 2000<sup>2</sup>, yet another report outlined a desire to reduce the Board of Governors and listed the following components of a proposed restructuring of the Board:

- 1 BOG/Chapter
- Meetings to be held at least 4x/year
- Revitalized and functioning committee structure
- Operational and advocacy benefits to be realized from this change included better corporate risk management, maintenance of NYSARC's credit ratings, creation of savings for Chapter reinvestment based on select statewide programs, utilization of corporate leverage when appropriate, deeper grassroots, stronger advocacy, enhanced influence

### **II. Current Environment and Governing Body**

Now, in 2016, NYSARC finds itself with the largest Board of Governors in its history with 148 members and the ability to expand up to 165. The Board meets just twice a year while NYSARC's Executive Committee does the bulk of the governing between meetings, which are held approximately 10 times a year. However, the Executive Committee is made up of just 14 members representing only a subsection of Chapters. Yet, out of necessity because of the Board's large size, the Executive Committee must make the majority of the governing decisions for the corporation and the Association by-laws delegate almost all authority to the Committee between infrequent board meetings.

Also, in 2016, NYSARC faces one of its most difficult external environments in its 67-year history, complete with budget cuts, rate rationalization, regular audits, rapid regulatory changes, and a generally unfunded transformation to a yet-unknown new system of supports and services. In addition, non-profits are legally vulnerable and being scrutinized in all new ways, including in areas such as executive compensation, administrative expense regulations, non-profit law changes,

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<sup>1</sup> Report of the Ad Hoc Committee to Review and Make Recommendations on the Structure of NYSARC, Inc. dated September 1986.

<sup>2</sup> Memorandum from Marc N. Brandt to members of the NYSARC Executive Committee dated December 4, 2000.

and employment and benefit rules. One could argue that it has never been more critical than now to have a knowledgeable, active, present, and engaged Board of Governors whose responsibility it is to provide guidance and critically needed oversight to the organization as a whole. Experts in the field of non-profit governance recommend that about 95% of board meeting time should be devoted to strategic thinking, mission moments, and committee actions. Simply because of time and group dynamics, a body of 148 cannot discuss and debate in the manner necessary to move NYSARC forward.

Unfortunately, the overwhelming majority of respondents to our recent internal survey feel that NYSARC's board is ineffective (only 27% disagreed). In addition, most respondents felt the Board of Governors' structure is "inefficient, unwieldy, outdated, dysfunctional, antiquated" and just "too large." Although board size is not the only reason for this, over 82% of respondents said the Board has too many members. In addition to the survey results, our own internal statistics reveal that many members of our current board of 148 are not engaged in the governing process. Even though the Board only meets twice a year, approximately 1/3 do not attend the meetings, more than 10% of Chapters went fully unrepresented on average with their Board of Governors failing to attend, and less than 45% of Chapters sent each Board of Governor to each meeting. Further, although NYSARC has an overwhelming number of committees, a full 2/3 of the Board of Governors does not participate in a single committee, leaving about 50 people to serve across all 20+ committees and workgroups.

We are presented with a rare opportunity to propel NYSARC into the future by making desperately needed changes to our governing structure – changes that members in 2016 are not the first to notice or suggest. Although a change in board size is necessary, we hope that supplementary changes will also help to engage more of the Board of Governors, Chapter Boards, and local families in our collective efforts.

### **III. Overview of Changes**

After a review of all of the previously discussed information as well as industry standards in governance, the Governance Workgroup (with the endorsement of the Executive Committee) presents the following proposal in brief summary. A detailed list of changes can be found in the webinar slides available to you on and after August 24 as well as the accompanying conforming by-law changes.

- i) Board Size Reduced
  - a. Each chartered Chapter will be entitled to one Board of Governor + 1 alternate Board of Governor with a weighted vote between 1-10 based on current membership-driven formula
  - b. Both primary and alternate will receive all Board communications, but only primary BOG will attend, vote, and deliberate at meetings
  - c. Alternate BOG can attend in primary's place with notice to State Office
- ii) Delegate Assembly Eliminated
  - a. Survey results overwhelmingly supported elimination of Delegate Assembly as duplicative

- b. Alternate proposal available that maintains Delegate Assembly, but weighted vote of BOG in that case would only be between 1-6, and authority to rescind BOG action would be eliminated
- iii) Increased Participation by BOG
  - a. Board meets 4x/year
  - b. Membership/participation in at least one committee, workgroup, or task force required for both primary and alternate BOGs throughout term
  - c. Attendance requirement at BOG instilled and enforced
- iv) Increased Regional Activities
  - a. Increase # of NYSARC regions from 4-8
  - b. One regional V.P. per region
  - c. 2 regional meetings a year in each region
- v) Executive Committee
  - a. Made up of officers (regional reps removed)
  - b. Will not need to meet as frequently
  - c. D.C. reps reduced from two to one

#### **IV. Conclusion**

It is clear to the NYSARC Executive Committee and the Governance Workgroup that a change to our governing structure is critical to achieve increased engagement and necessary corporate oversight in these challenging times. The decisions that need to be made now and in the future must be done so by the most active, knowledgeable, and responsible group of Board of Governors NYSARC can assemble, with additional support and input from our important committees and workgroups, as well as Chapter and other regional members and, of course, the families who make us up and whose mission it is for NYSARC to support.