Effective Governance Practices and Measuring School Trends in a Changing Environment

“Leadership is creating the environment and setting the tone so that others can do their best work.”

Abraham Joshua Heschel School
September 21, 2015
“Over the door to the nonprofit’s boardroom there should be an inscription in big letters that says:

‘Membership on this board is **not** power, **it is responsibility**. Board membership means responsibility not just **to the organization** but **to the board itself**, **to the staff**, and **to the institution’s mission.**” --Peter Drucker
Goals for tonight:

- Understanding the services provided by NYSAIS
- Understanding the role and responsibilities of Trustees in a non-profit organization
- Taking the strategic view
- Effectively using NYSAIS accreditation dashboards to measure the health of your school
- Understanding what resources exist for Trustees
NYSAIS

Provides member schools with:

- Accreditation
- Guidance and professional development
- Legislative support & advocacy, monitoring legislation & New York State Education Department

- Founded 1948
- 195 member schools and organizations
- More than 80,000 students & families
Taking the Strategic View in Governance:  It Starts with the Trustees

- Successful school governance and leadership does not happen by accident; it is purposeful.
- We know the necessary practices for successful school governance and they are readily available from professional organizations and in scholarly works.

“Nonprofit organizations are an essential part of our society.” – Board Source
How does NAIS define the role for Trustees in independent schools?

“…independent schools have boards of trustees, not boards of directors. This is because holding a school, its mission, and its future “in trust” implies a very different role than “directing the operation,” which is the job of the head of school.”

---NAIS Trustee Handbook
How does NYSAIS define a Board of Trustees?

“The school’s governance is led by a deliberative group with clearly defined roles and responsibilities that are key to the sustainability of the school. The governing body attends to new policy and changes in existing policy, all within the spirit of the mission of the school, and consistently exercises its fiduciary responsibility while delegating the operational and educational functions of the school to the head of school.”
What guidance does NYSAIS provide for Trustees?

- **NYSAIS Manual for Evaluation and Accreditation 3.1**
- Governance section is a key part of evaluating individual schools
- There are 19 Criteria for Accreditation in the Governance Section
- Principles of Best Practice
Section 2.0 Governance: Criteria for Accreditation

2.1 The governance of the school is clearly defined, transparent, and understood by all constituents.
2.2 The governing body provides for the continuity of mission.
2.3 The governing body provides stability in transitions of leadership for itself and its head of school.
2.4 The governing body provides strategic planning for the school.
2.5 The governing body ensures that adequate financial resources are provided for the school.

6 = criterion fully and completely met; 5 = criterion substantially met; 4 = criterion generally met; 3 = criterion generally not met; 2 = criterion not met in significant respects; 1 = criterion not met in any respect.
Section 2.0 Governance: Criteria for Accreditation

2.6 The governing body has appropriate policies to support the creation, review and approval of an annual operating and capital budget as well as a multi-year financial plan.

2.7 The governing body ensures appropriate administrative follow up as a result of an outside, annual professional audit and the corresponding management letter.

2.8 The governing body ensures that the school has in place adequate provision for risk assessment and management including the transfer of risk through appropriate insurance coverage.

2.9 The governing body understands its central role in institutional advancement and actively supports these efforts.

6 = criterion fully and completely met ; 5 = criterion substantially met
4 = criterion generally met ; 3 = criterion generally not met
2 = criterion not met in significant respects ; 1 = criterion not met in any respect
What should all trustees know about their school?

- History of school
- Recent history of board
- Governance structure and relationship with management and staff
- Committee structure
- Ways in which the board and administration communicate with each other
What documents should new and experienced Trustees receive and read?

- Bylaws
- Mission Statement
- Budgets (current and past)
- Board and Committee Minutes (past 2 years)
- Audit (current and past)
- Conflict of Interest form
- Short and Long-Range Plan

“Trustees are the fiduciaries of the school they govern. The board is the sole corporate identity; it alone can take action, unless such authority has been expressly delegated by the board to an individual or group of people.”

--- NAIS Trustee Handbook
3 Duties of Trustees:

- **Duty of Care**
  - Actively participate in making decisions on behalf of the school and use best judgment in doing so.

- **Duty of Loyalty**
  - Trustees must set aside their own personal and professional interests. The organization’s needs come first.

- **Duty of Obedience**
  - Legal responsibility to ensure that the organization is true to its mission and complies with all laws.
Principles of best practice for Trustees

- A trustee separates the interests of the school from the interests of a particular constituency or child
- A trustee accepts and supports board decisions
- Trustees do not become involved in specific management, personnel, or curricular issues
- A trustee keeps all board deliberations confidential
Principles of best practice for Trustees

- Trustees regularly assess their effectiveness as a governing body
- A trustee supports the school and Head of School and demonstrates that support within the community
- Authority rests with the entire board and not individual board members
- A trustee actively participates in the development efforts of the school
Indicators of Healthy Governance

- Typically, the board has one employee who...
  - implements board policies
- has complete authority over faculty and staff selection, evaluation, and dismissal
- is responsible to keep the board informed about actions taken in these areas
- is responsible for working with the board in developing and monitoring the school’s resources

Question:
“What specifically does your Board do to help create the environment and relationship so that the Head of School and the staff can do their best work?”
As a Trustee, *everything* should start with your Mission……..

Why is this the case?

As a Trustee, what do you know about your school’s Mission?
Trustees should focus on…

➢ Fiduciary mode
The bedrock of governance where boards ensure that the school is faithful to the mission, accountable for performance, and complies with laws and regulations.

➢ Generative mode
A partnership in which the Board, along with the Head of School and key leadership, frame problems and makes sense of ambiguous situations – which in turn shapes the organization’s strategies, plans, and decisions.

➢ Strategic mode
Board develops strategy with Head of School and key leadership to set the organization’s priorities and course, and to deploy resources accordingly. Without strategic thinking it is more about staying on course than setting the course.
Assessing the Board and Assessing the School
Using A Board Self-Assessment

NYSAIS Evaluation and Accreditation

Board of Trustees Self-Assessment

The following evaluation of fundamental governing body and individual trustee responsibilities is designed to stimulate thought about how the Board of Trustees should operate.

For each section, rate the performance of the governing body of the school on the following scale:

6 = outstanding
5 = very good
4 = satisfactory, for the time being
3 = needs improvement
2 = work has begun, but needs major improvement
1 = topic not yet on board's agenda

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<thead>
<tr>
<th>Rating</th>
<th>Section One: Mission</th>
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Assessing the Board: Using Self-Assessment

Assign a Committee (standing or ad hoc) or Consultant to use **ratings and comments** to:

- **Identify in writing** areas of Particular Strength
- **Prioritize** Strength Areas (e.g. “what do we do best? and what should we keep doing?”)
- **Identify in writing** growth Areas
- **Prioritize** Growth Areas
- **Determine** which **Committees** (standing or ad hoc) should participate
- **Develop** an Implementation **Timeline**
- **Dedicate** 5-10 minutes at each **Board meeting** for committee progress updates
Assessing the School: Using Dashboard Indicators

- Use data to measure trends that indicate the health of the school over time (*trend analysis*)
- Create a set of comparison organizations (*comparative analysis*)
- The board level focus should be on the “big picture” (*comparative and trend analysis*)
- Should be used by the board to think about the school in a fiduciary, strategic, and generative manner
- Dashboard Indicators should be reviewed by the appropriate Board committee at regular intervals with regular reports to the general Board.
What are some FINANCIAL dashboards?

- Audited Income and Expense Trends (Comparative and trend analysis)
- Fee and Tuition Trends (Comparative and trend analysis)
- Salary Trends (Comparative and trend analysis)
- Financial Assistance Trends (Comparative and trend analysis)
- Annual Giving Trends (Comparative and trend analysis)

What are the FINANCIAL dashboards that are important to your school?
What is an example of a dashboard indicator?

NY vs. National Boarding Schools Tuition Trends
(Data from NAIS Stats Online)

- 2008-2009: $39,410 (mean) vs. $41,000 (mean), -$1590.00
- 2009-2010: $41,475 (mean) vs. $42,600 (mean), -$1125.00
- 2010-2011: $45,250 (mean) vs. $44,125 (mean), +$1125.00
- 2011-2012: $47,400 (mean) vs. $45,990 (mean), +$1410.00
- 2012-2013: $49,325 (mean) vs. $48,400 (mean), +$925.00

What are some of the conversations that your Trustees would have if they were confronted with this information?
What are some NON-MONETARY dashboards?

- Student Admissions Data (Comparative and trend analysis)
- Student Attrition Data (Comparative and trend analysis)
- Staff and Faculty Attrition (Comparative and trend analysis)
- College Placement (K-8 delayed satisfaction syndrome)

What are the NON-MONETARY dashboards that are important to your school?
Let’s Use a Sample Dashboard

XYZ School

DASHBOARD–Student Attrition Analysis (Trend Analysis)
19 Year Analysis
1990-2008

Average 1990-1996: 12.86 (8%)  
Average 1997-2008: 8.67 (5%)  
19 YEARS AVERAGE: 10.21 (6%)

NAIS COMPARISON ATTRITION STUDY–850 Independent School (Comparative Data Analysis)

<table>
<thead>
<tr>
<th>NAIS re-enrollment data for fall 2002</th>
<th>Low Attrition Schools</th>
<th>XYZ Attrition</th>
<th>Medium Attrition Schools</th>
<th>High Attrition Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.43%</td>
<td>1990-Present 6%</td>
<td>8.46%</td>
<td>19.2%</td>
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What is an important resource for the Board of Trustees and Administrators?

✓ Accreditation Dashboard Data to Make Decisions using DASL
Using the Dashboards
Remember the 4 D’s and an R

✓ **Determine** the specific **financial and non-monetary dashboards** that are important to the Board and Administration

✓ **Determine** who will be **responsible** for collecting and presenting the data

✓ **Determine** how often and when this information needs to be collected

✓ **Determine** which Board committee (s) will be responsible for monitoring and analyzing the data

✓ **Report** from the committee to the entire Board
Finally...Some Trustee Resources

NYSAIS- Now
www.nysaisnow.org

The Nonprofit Board Answer Book: A Practical Guide for Board Members and Chief Executives by Board Source

A Guide to Effective Governance for Independent School Boards: Trustee Handbook by Mary Hundley DeKuyper, NAIS

Five Life Stages of Nonprofit Organizations by Judith Sharken Simon with J. Terence Donovan

Governance as Leadership: Reframing the Work of Nonprofit Boards by Richard P. Chait, William P. Ryan, and Barbara E. Taylor

Independent School Magazine by NAIS

The Trustee’s Letter by Educational Directions Incorporated

Independent School Management (ISM)

National Association of Independent Schools (NAIS)

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