Timeline of the American nonprofit board

- **1629:** Massachusetts Bay Company charter appoints 13 men to manage the colonial government and delegates the right to govern. The charter creates the first American "board."
- **1600s -1700s:** Harvard is established in 1636, Yale in 1700, and Dartmouth in 1769. While they have different governance models, all are governed by church clergy.
- **1816:** The State of New Hampshire tries to take over Dartmouth College, replacing the college's self-perpetuating board of directors with a government-appointed board. Dartmouth alumnus (and member of Congress) Daniel Webster joins the Dartmouth trustees' legal team. He argues that Dartmouth and similar charitable organizations are private institutions and function according to the will of their donors, with government supporting donors' charitable intent by granting nonprofit status. Webster argues that nonprofits and their boards are guardians of citizens' private rights, and that civil institutions belong to the people and should therefore be subject to *their* authority – not legislative authority. Supreme Court Chief Justice John Marshall agrees, concluding that "if charitable gifts and institutions were subject to the perpetual threat of legislative interference, no sensible person would be willing to make donations for charitable, educational, or religious purposes." Marshall's decision advances the idea that the public will could be expressed through nongovernmental means and that private associations – like the board of a college or your board of directors – could act in the public interest. The entire nonprofit sector owes its existence to this idea.
- **1820:** A wealthy Bostonian establishes a $50,000 trust, to be divided between Harvard and Massachusetts General Hospital. Its book value sinks to $30,000 before it can be divided. The college and hospital sue the trustees. Here is State Supreme Court Justice Samuel Putnam's opinion about trustee fiduciary duties: "All that can be required of a trustee to invest is that he shall conduct himself faithfully and exercise a sound discretion. He is to observe how men of prudence, discretion, and intelligence manage their affairs." The "Prudent Man Rule" – trustees are not accountable for financial losses due to normal market fluctuation – has been the fiduciary standard for trustees ever since.
- **1860s-1900s:** With the rise of private enterprise, an emerging business class (graduates of Harvard, Yale, etc.) successfully challenges the clergy over stakeholder representation on university boards and ultimately who controls them. By 1900, businessmen dominate most college and university boards.
- **1930s:** Continued secularization of educational and charitable institutions. With President Herbert Hoover's a "culture of service" around community cooperation and economic objectives, American citizens engage through chambers of commerce, trade associations, service clubs, and charities to address community problems from city planning and public health to education and recreation.
- **1964:** Model Nonstock Corporation Statute is drafted by American Bar Association to bring the statutory treatment of nonprofits into line with the main body of corporate law. In 1987, the revised statute further defines three types of nonprofits: public benefit corporations, mutual benefit corporations, and religious corporations.
- **1980:** By this time, more than half of revenues in the nonprofit human services sector come from government. As a result, boards find it important to include people who can span boundaries between an entrepreneurial nonprofit and government agencies, corporations, foundations, and client groups.
- **1990s to today:** Increasing professionalization of nonprofit managers has changed the roles of nonprofit executives and nonprofit boards.

Source: *A History of Nonprofit Boards in the United States (2003),* Peter Dobkin Hall, BoardSource

Here are some observations from *Governance As Leadership* (Chait, Ryan, Taylor, 2005):

Today's nonprofit managers are *leading* their organizations. They are not just executing the board's directives, managing their organizations and bringing passion for the mission. Today's nonprofit executives shape agendas and priorities. They often define the opportunities to pursue and the problems to address; just as often, they let their staff come up with solutions to those problems and to define the expected, specific results.

In theory, these are board-level responsibilities.

If the executive director is doing these things, the ED is actually *governing*.

What is the *board* doing?