



Message from the President

By Joseph A. Beaudoin, National President

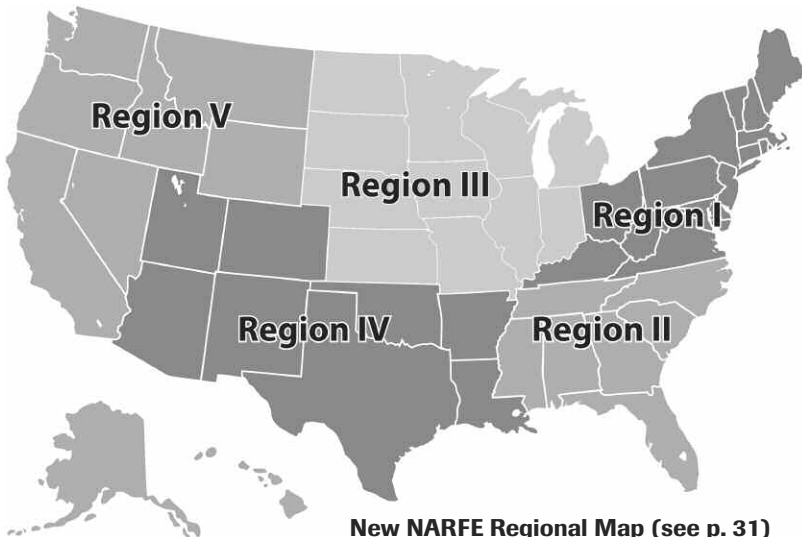
Significant change is neither easy nor tidy; but it is necessary to meet the demands of the times and – ultimately – essential for survival itself. That is why I am taking the rare step of issuing this special edition of the *NARFE Insider* to help you to better understand the dire nature of the Association’s present situation and the opportunity we have to remedy these problems.

It is no exaggeration when I claim that the meeting of the NARFE National Executive Board (NEB) February 24-27 in Jacksonville, FL, was the most important of its kind ever held in the Association’s 93-year history. Over four days, the NEB deliberated and approved the majority of recommendations drafted by the Future of NARFE (FON) Committee as a strong basis for strategic planning aimed at taking the necessary steps to ensure NARFE’s successful future. At the upcoming 2014 convention, we will ask delegates to vote only to:

- Reduce the number of National Officers from four to two;
- Make membership in chapters optional;
- Open membership in the Association to everyone;
- Provide a \$10 youth membership; and
- Endorse the Future of NARFE concept.

Beyond that, we will begin strategic planning that will allow us to bring additional recommendations to the conventions in 2016 and beyond.

EDITOR’S NOTE: The FON Committee report, reprinted here, appears as it was issued by the Committee prior to the meeting of the NEB. This special print edition of the *NARFE Insider* is being mailed to ensure that these documents are available to those Association officers who may not have access to the electronic version or who do not wish to read lengthy electronic documents online.



New NARFE Regional Map (see p. 31)

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Future of NARFE Committee PowerPoint Presentation

Future of NARFE Committee

“The current NARFE organization is unsustainable, and the long-established NARFE mission is in grave danger.”

—NARFE National President Joseph A. Beaudoin

February 24, 2014

Current Issues

- Declining membership
- Less member participation
- Few members are willing to take on leadership roles
- Over-reliance on dues revenue
- Need more funding sources
- Numerous non-core-mission-related expenditures
- Rising threats

Current Issues, Cont.

- Lack of leadership continuity
- An inordinate amount of resources are spent on an organizational structure that is of little interest to new members and no longer best serves NARFE's mission

Seeking a Solution

- This situation does not come as “news” to this Board.
- These are well-documented trends.
- However, the Association has now reached a critical point.
- To seek a solution, President Beaudoin convened the Future of NARFE Committee.
- It was tasked with putting forth a vision of a “Future NARFE.”

Future of NARFE Committee



- Composed of 12 NARFE members
- Draw on a range of NARFE leadership experience
- Hold diverse views
- Reside in different parts of the country
- Bring many skill sets to the table

Methodology

For Six Months:

- Met as a whole and in small groups
- Conducted research and comparative analyses

Methodology Cont.

The FON Committee looked *internally* at:

- Previous organizational studies commissioned by NARFE
- Ideas volunteered by the field
- Our own SWOT analysis

The FON Committee also looked *externally* at other organizations in similar situations.

What We Learned

- Difficult facts and trends must be faced
- Hard choices are often called for
- Those organizations that adapt can thrive

Our Vision

The Future of NARFE Committee envisions a Future NARFE with:

- ▶ Leaner governance
- ▶ A more mission-focused organization
- ▶ Professional management
- ▶ A new branding strategy
- ▶ An enhanced mission

Contrasting the Current and Future

Current NARFE	Future NARFE
Cumbersome governance	Agile governance
Not organized around the mission	Mission-focused structure
Exclusionary membership	Open membership
Limited revenue streams	Additional revenue sources

Governance – Local

Intention:
Organize for greatest legislative impact

Current NARFE	Future NARFE
1,309 Chapters (membership mandatory)	Congressional District Leaders (one for each congressional district)
	Local chapters continue as currently constituted with membership optional

Governance – State

Intention: Move toward more advocacy focus

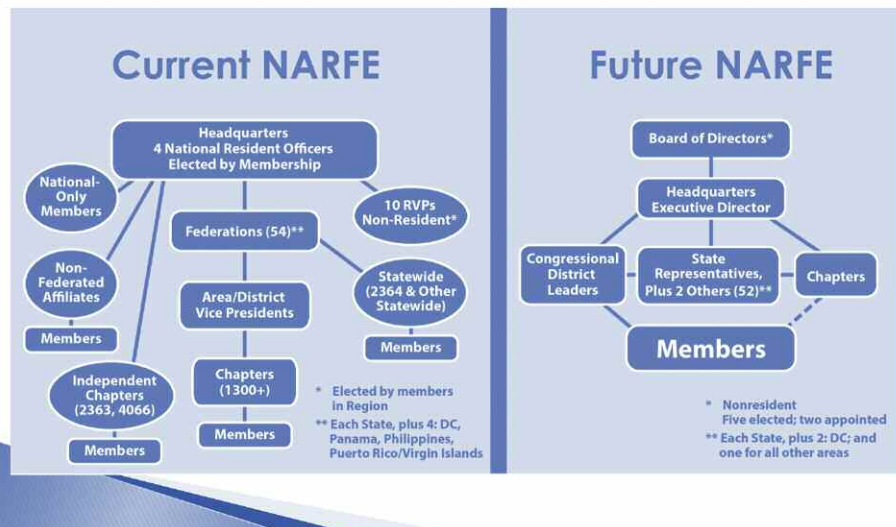
Current NARFE	Future NARFE
54 Federations	0 Federations
50 States	50 State Representatives
4 others (District of Columbia, Panama, Philippines, Puerto Rico/Virgin Islands)	2 other Representatives: DC; and one for all other areas
Officers elected at federation conventions (In addition, federations may have multiple area/district vice presidents supporting local chapters)	Elected by Congressional District Leaders

Governance – National

Intention: Move toward leaner, more agile and representative governing body

Current NARFE	Future NARFE
14 Member National Executive Board	7 Member Board of Directors
4 National Resident Officers - National President - National Vice President - National Secretary - National Treasurer	5 Elected Members - Represent NARFE's 5 regions - Serve in their regions - Elected by States within the regions (and DC and the other reps.)
Serve at NARFE Headquarters - Elected at large by delegates at biennial National Convention	These members will elect 2 nonresident Officers (required under DC statute): - President - Treasurer
10 Regional vice presidents - Represent NARFE's 10 regions - Serve in their regions - Elected by delegates from their regions at biennial National Convention	2 Appointed members, named by the elected Board members from business, politics, etc.

Comparing Current and Future NARFE



Management

Intention: Move to professional management

Create Executive Director position

- ▶ Hired by and responsible to the Board of Directors
- ▶ Manages the business of NARFE
- ▶ Exercises general supervision of the National Headquarters staff

Membership

Intention: Expand membership pool

Current NARFE	Future NARFE
Limited to persons eligible to receive a federal annuity and current or former spouse legally entitled to receive survivor benefits	Open to all individuals who support the NARFE mission. Voting members will be federal retirees, employees or survivor annuitants. All others are nonvoting.

Implementation

How do we get from here to there?

- We need the NEB's support of the vision.
- We must proceed with the **critical first steps that will free up the resources to create the strategic plan, build the business model, and convince the affected stakeholders that this type of change must occur.**

Recommendation

Therefore, the FON Committee recommends that the NEB now endorse:

- Abolition of mandatory chapter membership
- Adoption of a streamlined resident officer structure with only a President and Treasurer.

NARFE Can Have a Bright Future

The Future of NARFE Committee has concluded:

- It is not too late to save NARFE
- The future of this organization can be secured
- But the turnaround must begin here and now so we can continue to serve our members



Together, we can secure
the future of NARFE.

FUTURE OF NARFE COMMITTEE

September 2013-Present

Rodney Adelman	Arizona Federation President
Bruce Coleman	Iowa Federation VP, and Chapter President
Robert “Old Bob” Davidson	California Chapter President
Timothy “Tim” Gartner	Ohio Federation VP, and Membership Chair
Gerald “Jerry” Hall	California District VP, and Chapter President
Huelyn “Lynn” Harper	Georgia Federation VP, and Chapter President
Marc Harris	Florida Chapter President
Ted Jensen	Past Maryland Federation President
Evelyn Kirby *	Region II Vice President (Maryland)
William “Bill” Leatham	Florida Federation VP, and Configuration Advisory Board Member
Clarence Robinson	Georgia Federation President
William “Bill” Shackelford *	Past Virginia Federation President, and Bylaws Committee

*co-chair

Future of NARFE – Most Frequently Asked Questions and Answers

1) What is being proposed for vote at the 2014 National Convention?

Members will be asked to vote on a general resolution endorsing the vision/concept for NARFE’s future as outlined in the Future of NARFE (FON) Committee report, and its use as a base document for short-, mid- and long-term strategic planning. This general resolution will require a majority vote by the delegates at the National Convention.

The National Executive Board (NEB) will offer four resolutions to amend the bylaws that, if adopted, would:

- Reduce the number of National Officers from four to two, retaining only a National President and National Treasurer and abolishing the National

Vice President and National Secretary positions;

- Make membership in chapters optional, rather than mandatory as it has been since 1988;
- Open membership in the Association to everyone, not just those entitled to an annuity from the federal government; and
- Provide a youth membership of \$10 for individuals under the age of 26.

These bylaws resolutions will require a two-thirds vote by the delegates at the National Convention.

2) What is the proposed timeline for recommended changes?

While the NEB has endorsed the future of NARFE

concept as outlined in the FON Committee recommendations, there are basically four timeline stages:

- 1) The NEB already has reduced the number of regions from 10 to five, agreed upon the immediate commencement of a comprehensive branding study and ongoing strategic planning, and the development of an enhanced NARFE mission statement to include championing good government and public service. Headquarters will develop these studies for presentation to the NEB.
- 2) The bylaw amendments and resolutions outlined above (see Question 1) will be brought to the 2014 National Convention.
- 3) Should the amendment to reduce the number of National Officers from four to two pass, the NEB has authorized the recovered funds to be used to hire additional, professional marketing and legislative staff and to conduct a search for a professional Executive Director to manage NARFE Headquarters. In the interim, the duties of the two former National Officers will be absorbed by the National President, the National Treasurer and the Headquarters staff. Both the National President and the National Treasurer will remain resident until a successful Executive Director search is complete and adequate transition has transpired.
- 4) All other recommendations will be considered as part of the strategic planning process, with any changes that require bylaw modifications being brought to, and voted upon, at the 2016 National Convention and beyond. Any final recommended changes will be in full accordance with the pertinent laws by which NARFE must abide.

3) Given the scope of changes recommended over time, how is transition envisioned?

Again, strategic planning will play a major role in determining an implementation plan for any additional recommendations. Time will be allowed for scrutiny, budget modeling, fine-tuning as needed and input from NARFE leaders. Prudent and seamless transition is the goal. It is only after this process that a plan can be developed, presented to the NEB for approval and, where necessary, bylaw changes presented to the NARFE membership for vote.

4) Why are resident National Officers being eliminated?

Filling National Officer positions from within the ranks of membership causes a number of dilemmas:

- Although there are most certainly skilled candidates, with exemplary managerial and supervisory résumés as federal employees, within our ranks, few among us have the background and expertise necessary to run a national not-for-profit, 250,000-member organization. Where our federal employment and general skill set may make for many ideal policy setters on a NARFE Board of Directors, the daily running of the not-for-profit business can be best conducted by a well-vetted association professional Executive Director – reporting directly to a policy-setting Board of Directors.
- Biennial elections of National Officers create a revolving door of Association leadership, with each new officer arriving with a new agenda and facing a substantial learning curve. Long-term strategic planning becomes difficult, if not impossible. Critical continuity of business management is lost.
- There is a substantial cost to the current resident officer model.

A nonresident, policy-setting Board of Directors ensures the important voice of our membership, while allowing its policies to be implemented by an experienced professional. This is a successful model for many associations.

5) Why did the NEB agree to eliminate or reduce the number of Regional Vice Presidents (RVPs) and revise the scope of their duties?

The current structure of NARFE (four National Officers and 10 RVPs) was established when NARFE was well on its way to having nearly half a million members. Now, with half that number of members and many fewer chapters, NARFE has become “top heavy.” Modern communications and technology reduce the need for travel by RVPs, allowing a single RVP to successfully represent a larger physical area.

Additionally, funds saved can be reallocated to critical areas, such as marketing and more focused legislative advocacy.

6) Why does NARFE need an Executive Director and what will be his/her main roles/responsibilities?

- The Association needs to be run efficiently and effectively, with continuity, a business plan, ongoing assessment, and timely and constructive changes as the “business” requires. The Executive Director will be the key person in the Association to help guarantee continuity and success.
- He/she will serve as the Chief Operating Officer of the organization and will have general supervision of all NARFE Headquarters staff.
- The Executive Director will develop and implement an ongoing strategic planning process with guidance by the Board of Directors.
- The Executive Director will develop and manage the annual budget.
- The Executive Director will have full hiring authority for all NARFE Headquarters staff.
- The Executive Director will be hired by the Board and will be accountable to the Board, serving at its direction, and implementing the policies established by the Board of Directors.

7) What does nonmandatory chapter membership mean for local chapters?

Local chapters would remain an important part of the NARFE structure as long as they continue to provide benefit to, and are supported by, their membership. Existing chapters would continue, as an option for all members, virtually unaffected. New chapters may be opened via application, and local membership dues would continue to be collected by Headquarters. An easing of bylaw and administrative requirements would allow greater flexibility for chapters to operate for the benefit of their membership.

8) Does funding for local chapters change under a nonmandatory chapter structure?

No. Should the resolution pass making chapter membership optional, local chapters may retain the funds currently in their accounts. Chapters will continue to receive the one-third, new-member fee, as currently structured, for any new member who opts to join a local chapter.

9) What happens to eNARFE if the nonmandatory chapter membership resolution is passed?

Without the requirement for members to belong to a chapter, ZIP-code based or otherwise, electronic chapters would no longer exist, and current members would simply be members of NARFE. ALL members would have the option to join a local chapter, should they choose.

10) Where will the money come from to pay for an Executive Director, increased advocacy, a branding study and other new initiatives?

Savings generated from the reduction of elected regional board members from 10 to five, reducing the current National Officers from four to two, nonresident status for those two officers once the Executive Director and new Board of Directors are in place, and a longer-term plan to reduce federation-level funding will cover these expenses. Fundraising, membership and expanded corporate sponsorship will complete the funding profile.

11) Over the longer term, how will federations be impacted?

Strategic planning will consider the recommendation to phase out the federation structure, with the exception of the Panama and Philippine Federations, in favor of state-level activities focused on advocacy with resources dedicated to this effort.

Future of NARFE (FON) Committee Report and Recommendations

THE FUTURE NARFE February 24, 2014

Preface

“The current NARFE organization is unsustainable and the long established NARFE mission is in grave danger.”

– NARFE National President Joseph Beaudoin, GEMS message, September 23, 2013.

How is it that such a sweeping and urgent statement was made? What must we do combat it? This Report will outline what led to our present situation, other findings and offer strong steps to overcome our plight. President Beaudoin did not mince words and neither will this report. NARFE is in a tough place for many reasons. Doing nothing or changing little are not the right answers. They will ensure our continued decline and ultimate dissolution.

The Future of NARFE (FON) Committee was authorized by the National Executive Board on July 9, 2013, with the realization that NARFE must change in order to survive. FON members were appointed by President Beaudoin on August 13, 2013, “to address the future of NARFE and the role of e-chapters as a dominant – and inevitable – part of this future. The committee will examine all significant issues that could affect the future growth and viability of this Association.” He went on to say that NARFE needs to look into the future in order to see where our great organization will be in one, two, or three decades. The goal was to have NARFE survive and continue to serve its members as it has for over 90 years. In September he directed the FON to look at Big Picture issues impacting NARFE and to create forward-thinking solutions for the long haul. FON was asked not to spend time on policy, procedures or process. Again, in January 2014 he reminded FON members that the task was huge and to look into our crystal ball to ascertain what NARFE will or should look like. He reiterated FON was “...basically doing what the founding fathers did in 1921 and that is—develop an organization that is effective in protecting the benefits of government employees and retirees. The new NARFE should be an organization that is very appealing to the approximate five-six million eligible citizens.”

What are some facts compelling the charge to FON?

- 1) NARFE increased membership by 200,000 (or approximately 50,000 a year) between 1978 and 1982.
- 2) Membership in the mid-1980s was almost ½ million (about 495,000).
- 3) NARFE is a dues driven organization.

- 4) NARFE has lost almost ¼ million members (about 250,000) since the mid-1980s.
- 5) NARFE has closed more than 1000 chapters (29 in 2010, 28 in 2011, 39 in 2012, and 54 in 2013).
- 6) NARFE is losing many members to the inevitability of death (8405 in 2010, 8335 in 2011, 8221 in 2012, and 12,409 in 2013. (It should be noted that in 2013 HQ updated the data base by researching unreported deaths.)
- 7) NARFE dues pay for approximately 68-69% of our expenses.
- 8) NARFE relies on other, fluctuating, income (fundraising, investments) to pay bills.
- 9) NARFE HQ has gone from over 100 staff to the present staff of 51 plus 4 National Resident Officers (NROs).
- 10) NARFE has 5 organizational layers: chapters, district/area Vice Presidents, Federation Presidents, Regional Vice Presidents, and HQ, including the 4 NROs.
- 11) NARFE HQ presently has ability to communicate instantly with all the above layers negating the requirement for each layer to be involved in the dissemination process that was necessary before technology advances such as Internet.

There are some telling characteristics in the makeup of our present membership as well, based on data available. About 2% are under the age of 55 and approximately 35% are over age 75. The average age of present membership is around 76. Most of our members are still in the Civil Service Retirement System (CSRS), but more and more are covered by Federal Employees Retirement System (FERS). At best, only one out of ten of all members are involved in NARFE’s activities.

Future of NARFE Committee Members

The 12 Committee members appointed come from all levels in NARFE's structure. The composition shows how many-hatted some of our leaders have become and reflects their dedication to help NARFE succeed. Such tireless efforts, though, can lead to burn out and speak to little succession across NARFE in filling officer positions. Importantly, the group brings diverse ideas and views to the table relating to our Association. Their backgrounds also include extensive and valuable non-NARFE experiences. Five are currently chapter presidents—with three holding other positions simultaneously ranging from District Vice President to Federation Vice President. Two other FON members are also Federation Vice Presidents—with each of these holding other positions as well. One of these is serving on the National Configuration Advisory Board which examines technology solutions to meet NARFE's needs. Two are past Federation Presidents, having histories of service as other officers. Two are current Federation Presidents, also with extensive service in prior positions. One is a Region Vice President who held a number of other officer posts as well.

All FON members know full well that seriously addressing the future of NARFE is a critical defensive move, not an initiative or project. FON members are firm and united in what should be done. A listing of Committee members is attached.

President Beaudoin created an open door application process to attract those wishing to be named to the Committee. He regretted it was not feasible for all of the 20 who initially responded to the call to be picked. Most were nominated, some self-nominated. Several others wished to serve but could not commit to work required. Lastly, several had strengths in areas other than FON's top needs for Committee activities.

Methodology

As an initial step, the co-Chairs distributed a variety of pre-meeting reading materials to the members of the FON Committee. Of particular importance were the May 2007 Three-Year Strategic Plan, the December 2007 Final Report of the Committee for Enhancing NARFE for the 21st Century, and the November 2011 Final Report from the ONE Group, LLC. The Committee members communicated among themselves openly and

candidly before their first formal meeting at NARFE HQ. Further, from the launch of the Committee to today FON members have been sharing and seriously considering all the countless ideas and thoughts coming from members and leaders from across NARFE. No input on issues we face and potential solutions has been disregarded.

The Committee met face-to-face September 17 - 19, 2013, and again, January 21 - 24, 2014, with intervening idea exchanges via GoToMeeting video conferencing on October 9 and 26 and November 7 and 14. There was a continuous flow of ideas, proposals, and findings from inside and outside NARFE among Committee members. A November 21, 2013, briefing of the NEB declared that "there were vigorous discussions, a SWOT analysis (strengths, weaknesses, opportunities, and threats), and a consensus reached on a general framework and future actions." The briefing also explored the criteria by which FON Committee recommendations should be judged:

- Will the recommendations further NARFE's mission?
- Will the recommendations make NARFE more effective in achieving our mission?
- Will the recommendations impact membership strength?
- Will the recommendations help realize the funding necessary to support NARFE's membership and goals?
- Will the recommendations be for the long haul?
- Will the recommendations allow NARFE to act quickly enough to save the organization?

Also, on December 12, 2013, the Committee Co-Chairs conducted a focus group conversation with four current Federal employees, seeking their views on current NARFE issues and their thoughts and recommended solutions. These four were the only current employee members who responded to several requests for active employees to assist with Future of NARFE activities. An informal report of the December session is attached. It reflects beliefs that NARFE is providing valuable information and advocacy, but should be more vigorous, and materially increase publicity about what it is and does to protect our rights and benefits. The focus group participants are very favorably impressed with the Magazine, have no strong opinions on

internal structure, unless they are involved with it, and feel chapter affiliation should be optional.

Committee members continued to exchange proposals and ideas until mid-January 2014. They also shared ideas on NARFE's creating a strategic plan. At the conclusion of the January 24 meeting at HQ, the Committee orally briefed the four National Resident Officers and select NARFE staff on the final Committee recommendations, seeking their feedback on ideas presented. A sub-group of the Committee met again at NARFE HQ, February 4 - 6, 2014, to work further on the Committee's Report. They also considered possible strategic planning options in support of proposals in that document. Then, as throughout the time from FON's first meeting, HQ staff was very responsive to data and other information requests. Their assistance was invaluable. The record must be clear though that at no time did individuals at HQ seek to dissuade FON from its course of action or its recommendations. We on the Committee are the ones offering ideas to remedy our situation.

Accompanying this Report are some suggestions in timeline style for achieving the Vision proposed. It is clearly the responsibility of the National Executive Board (NEB) to hold discussions, consider options, and make decisions on incremental steps the Association should take immediately and over a number of years. The suggestions point out that while this Report offers various details and proposals to bring about the envisioned Future NARFE work can only proceed with the following: critical first steps of freeing up resources to create a viable strategic plan, building a business model, and convincing stakeholders that change must occur, and soon. The Report itself with its findings, concepts and recommendations can stand alone without the need to have the several attachments. However, those documents provide added information if such is desired. NOTE: Recommendations follow the sections in which they are discussed.

History

Following the enactment of the Civil Service Retirement Act in 1920, NARFE was founded on February 19, 1921 as the Association of Retired Federal Employees. In 1924, our name was changed to the National Association of Retired Federal Employees. In 1947, the name

was changed again to the National Association of Retired Civil Employees, and Chapters were first authorized in the Association's Constitution. In 1950, the first national convention was held in Washington, DC, and the first Federation of Chapters (California) was organized. In the late 1960s, NARFE was restructured to enhance its legislative clout. In 1970, the name was changed to the National Association of Retired Federal Employees. In 1982, NARFE chartered its Political Action Committee, NARFE-PAC. Also in 1982, NARFE membership peaked at nearly 500,000. In 1986, after membership growth had stalled, mandatory Chapter membership was instituted for all new NARFE members. In 2004, the name was changed once again to the National Active and Retired Federal Employees Association. Finally, in 2013, the Future of NARFE Committee was authorized because our very existence and achievement of our noble mission are in jeopardy.

Strategic Planning

Organizations that wish to succeed, remain relevant and appeal to a strong base of customers, members, funding sources, and public opinion take strategic planning seriously. Hard looks at current practices and outcomes, trends, influences and other key factors must be done on an ongoing basis to determine realistically what actions, *including seemingly unpopular ones*, are needed for the short and long terms. Most critical are implementation of what needs to be done, careful, incremental transition toward indicated change and candid assessment of results. This Report notes a number of strategic planning actions and reports from the past—which had little follow through. FON members are pleased to see evidence that earnest strategic planning is taking hold and urges it continue as a normal practice. NARFE will wither if this does not happen just as have other organizations who refused to pay attention to 'signs' all around them.

Some obvious 'signs' apparent to FON have been cited earlier and include the marked decrease in membership, and lessening participation in NARFE's activities and leadership roles, stretched financial resources, lack of continuity, strategic planning and professional management in at the top of the Association, reluctance to accept technology advances and communications enhancements that can promote efficiencies, negate

need for layers and save time. There are ever increasing threats to the success of our mission to safeguard our earned rights and benefits.

RECOMMENDATION 1: Engage in viable strategic planning on an on-going basis.

Vision

The following underscored statement describes the Future NARFE as seen by the FON Committee. The Association is envisioned as a leaner, more mission-focused organization, with updated branding, an enhanced message about our mission, and professional management. Its membership is high; its finances strong; its advocacy pointed, respected and effective.

The FON Committee has tried to address the findings and recommendations of the three reports mentioned previously. A number of serious concerns raised in these earlier documents appear to have had little attention, particularly as they relate to vision and strategic planning. Transforming Current NARFE into Future NARFE will not be easy or quick. FON believes progress towards the vision it sees is essential if NARFE is to survive as an organization, thrive well into the future and meet the needs of current and future members.

FON took no exception to the Vision Statement found on page 1 of the booklet on NARFE National By-laws Adopted at the 2012 National Convention. FON's hope is that NARFE present high value to its members, advertisers and others who may provide revenues, and to the entire Federal civilian community. NARFE must offer unmatched advocacy. It must have an invaluable brand identify and use it to improve the image and public perception and benefits of those in service to the nation. NARFE must adopt game-changing technology, communications and management styles, appeal to the more senior crowd and attract the younger one.

Name

Because of what is perceived as low name and recognition of NARFE (outside of its membership, coalition partners, those in and around the U.S. Congress and D.C. beltway insiders) market-tested professional "branding" is essential to identify the Future NARFE. The Committee does not offer branding sug-

gestions, but rather proposes that a comprehensive branding study be conducted as soon as feasible to determine future actions, including whether or not a name or initials change is warranted.

RECOMMENDATION 2: Conduct a comprehensive branding study, to include whether or not a name change is warranted for NARFE.

Mission

The Committee recommends that NARFE's mission statement be enhanced by adding the phrase "As a champion of good government and public service:" NARFE's current mission is to support legislation and the general welfare of current and potential federal annuitants. FON believes an enhancement would help send a good signal to members, prospective members and others. By continually championing in our messaging that we value "good government and public service" we can perhaps attract greater membership and financial resources. We can also dilute uncalled for anger at and misunderstanding of those in Federal service.

After implementation of the FON Committee recommendation, NARFE's Mission Statement would read:

*As a champion of good government and public service:
To support legislation beneficial to current and potential federal annuitants and to oppose legislation contrary to their interests.
To promote the general welfare of current and potential federal annuitants by advising them with respect to their rights under retirement laws and regulations.
To cooperate with other organizations and associations in furtherance of these general objectives.*

RECOMMENDATION 3: Enhance NARFE's mission to include championing good government and public service.

Governance and Structure

One of the four primary goals of the 2007 Strategic Plan was, "Focus NARFE on the Basics: legislation, recruitment, retention, and service to the members." In the SWOT Analysis of that Strategic Plan, the first weakness identified was NARFE's organizational structure. The most recent ONE Group Report highlighted some of the failings and weaknesses in

NARFE's organizational structure. For example, "In today's hyper-competitive world, NARFE leadership, despite its best intentions does not have the proper experience to lead the organization on a day-to-day basis" and "NARFE has an organizational structure that contributes to a lack of accountability, does not foster a committed sense of purpose, and causes poor communications." In arguing for professional leadership for NARFE (an Executive Director), the ONE Group Report explained, "As good as the resident National Officers are at NARFE, they simply cannot replace a strong and able Chief Executive Officer (Executive Director) who would be charged by the officers and board of NARFE to maintain the priorities that the leadership has set through a comprehensive and quantifiable long range and strategic plan, maintaining discipline in its finances, operating like a business, hiring the most qualified available employees whose priorities are clear, and ensuring that their work moves the organization forward." Three of the key organizational recommendations of the ONE Group are:

- Begin a transition to experienced permanent professional leadership within two years.
- National Officers will need to be transitioned to oversight roles with reduced pay and working from home.
- Have the National Officers serve primarily in the field as the voice of the membership.

Finally, the Committee for Enhancing NARFE for the 21st Century reviewed five previous studies before preparing their final report: Dorf and Stanton Report - 1992, Membership Study - 2000, Drohan Report and Analysis - 2001, Former Member Study - 2002, and the Lapsed Member Study - 2005. The "21st Century" final report states, "The conclusions we draw from the five reports is a great disappointment with our National Executive Board over the past 15 years (1992 - 2007) for not being more aggressive in initiating some action sooner. The recommendations provided could have eliminated some of the membership challenges today if those recommendations had been implemented." Also, "The studies show we haven't moved forward fast enough to retain members. For some reason, the problems have been ignored for years; it's time to change."

In seeking solutions to the many issues facing

NARFE, both now and into the future, a study of similar organizations (of size and/or mission) was conducted by a sub-group of the FON Committee. Committee members did not simply accept, or parrot, conclusions reached by others who studied NARFE previously or those newly benchmarked by FON. Organizations FON examined included AARP, NAACP, MOAA (Military Officers Association of America), NTA (National Teachers Association), NRA (National Rifle Association), FMA (Federal Managers Association), AAA, the NEA (National Education Association) and others. An extensive comparison of AARP and the NAACP with NARFE entitled "Clues to Success" is attached. Conclusions reached are: non-dues income is vital, chapters' value is in decline, mission focus is essential, and professional managers are critical, as they assure the essential continuity of strategic efforts at the highest levels.

The FON Committee vision and offered timelines attempt to address the findings and recommendations of previous studies, while also suggesting a variety of improvements that will, if adopted, revitalize NARFE and keep it open and flourishing. The various levels of structure and governance are addressed below (also, see attached comparative organizational charts).

FON also recognized immediately that NARFE has made no significant cuts at the very top of the Association beyond trimming items like travel and other support expense reimbursements. This is so despite our membership dropping to half of its highest number, revenues dipping and chapters closing. We are operating with a decades-old structure, no longer appropriate for the 21st century: four National Resident Officers, ten Regional Vice Presidents. In addition, we have multiple layers at and below State level. The arrivals of modern communications and technology innovations such as email, the internet, Skype, GoToMeeting, Webinars, Social Media, and more to come, have been introduced, but not being used as much as they could be. The societal mindset regarding when to be active and participate in any organized setting is vastly different than it was 10, 20, 30 years ago. The catalog of what successful organizations are recognizing and doing to stay alive and meaningful can go on and on, but what is said above demonstrates where we are in time.

Board of Directors

FON recommends the governing body of Future NARFE be a non-residential Board of Directors (Board). The Board shall preferably consist of seven members, two Board-appointed (with “outside” expertise) and five (possibly seven as an interim measure) regionally-elected Board members. Leeway should be allowed to appoint more than two Board members if such means garnering someone with substantial prestige, contacts, expertise and/or new ideas to maximize NARFE’s effectiveness. The five regionally-elected Board members shall be elected every two years, in January of odd-numbered years, by the State Representatives (see below) within each region. The Board shall establish and modify the composition (of states) within each of the five regions of the Association. Regions shall consist of equal numbers of NARFE members, to the extent practicable. Elected board members must be voting NARFE members and residents of the region from which they are elected. Any subsequent move from the region post-election should be treated as appropriate to the circumstances, using good sense. For example, it may be advisable to allow a temporary incumbency from outside regional lines or a temporary vacancy that will not cause undue harm to members. Board members must meet minimum qualifications (to be determined). Board members shall be limited to five full or partial two-year terms. Elected vacancies on the Board shall be filled through election by the State Representatives of the appropriate region.

RECOMMENDATION 4: Establish regionally-elected Board of Directors of five NARFE members.

RECOMMENDATION 5: Provide for representative election of Board of Directors under new structure and governance.

RECOMMENDATION 6: Allow for two additional (or more if exceptional opportunity arises) appointed Board members.

RECOMMENDATION 7: Establish term limits for Board members.

The Committee’s vision is that the Board shall elect,

from among its members, a Board President and a Board Treasurer (the two Officers required by the D.C. Code by which NARFE must function). Board members shall be paid members of the organization. Compensation shall initially be set at \$25,000 per year (plus benefits and expenses), to be adjusted annually by the rate (%) of salary adjustment for Federal employees. The five regionally-elected Board members shall appoint two additional Board members who can be outside the regionally-drawn lines. Board Officers and appointed Board members will be determined by the regionally-elected Board members at their first Board meeting every two years (not later than March 1 of odd-numbered years). Terms of appointed Board members shall run concurrently with the regionally-elected Board members. Board members may be removed for conduct detrimental to the organization or for causes stipulated by the DC Code by a vote of 2/3 of the other members of the Board. A quorum of a majority of the Board members is necessary to conduct Association business (whether in physical attendance, by proxy, or by electronic meeting). All elected board members shall continue to reside in the region from which elected, with the possibility of a rare exception such as mentioned in the opening paragraph to this section.

RECOMMENDATION 8: Board members elect Board President and Board Treasurer.

RECOMMENDATION 9: Reduce four National Resident Officers to two National Non-Resident Officers.

RECOMMENDATION 10: Use funding recovered from reduction of the number of National Officers and change to Non-residency to hire professional marketing staff and hire an Executive Director (more later on the hiring proposals and the importance of increasing membership).

RECOMMENDATION 11: Update current removal process for all in elected and appointed positions.

The authority and duties of the new Board of Directors shall include:

- Establish and modify the national regions of the Association.

- Establish policies and procedures for the conduct of the business of the Association.
- Advise members, if appropriate, on the Association's policies
- Hire, evaluate the performance of, and fix the compensation for, the Executive Director (see below).
- Determine and direct the manner and placement of investments of the Association's funds.
- Order and review annual or more frequent Association audits.
- Provide a President's and Treasurer's Annual Report as required by law

In addition, FON foresees that Board members may provide assistance and coordination, as requested, to the State, and other, Representatives in their region, in such areas as administration, advocacy, training, membership incentives, and the like. They should not engage in technical or operational matters, however, but could offer advice on them. Their role is to be the visionaries and strategic planners for NARFE. They are fully accountable for the Association's success or failure. As part of the organizational budget process—tied to its strategic goals—the Board will set the annual National membership dues amount every two years, in odd-numbered years.

RECOMMENDATION 12: Establish the regionally-elected Board members function as policy makers.

RECOMMENDATION 13: Board of Directors to set annual National membership dues as part of the organizational budget process.

Board Officers

The Board President shall be a member of the Board in FON's proposal and shall be elected every two years by the Board, not later than March 1 of odd-numbered years. The President shall preside at all Board meetings and be the primary spokesperson for the Board of Directors. This official may also be a Voice of NARFE to those outside the Association. The President shall be limited to three full two-year terms, plus any partial term resulting from the death or inability to perform of his/her predecessor. A vacancy in the office of the President shall be filled by an interim election of the remaining Board members. The President shall be paid a

premium of 25% of the then current salary of Board members. The President shall continue to reside within the region from which elected, unless the rare circumstances discussed at the beginning of the Board section suggest otherwise. With the concurrence of the Board, the President is authorized to appoint such Committees as is prudent for the effective conduct of Association business (i.e., Finance Committee, Audit Committee, Executive Director Search Committee, Performance Evaluation Committee, etc.).

FON's design includes the Board Treasurer as a member of the Board and elected every two years by the Board, not later than March 1 of odd-numbered years. The Treasurer shall be limited to three full two-year terms, plus any partial term resulting from the death or inability to perform of his/her predecessor. A vacancy in the office of the Treasurer shall be filled by an interim election of the remaining Board members. The Treasurer shall be paid a premium of 15% of the current salary of Board members. The Treasurer shall continue to reside within the region from which elected. Both the President and the Treasurer shall remain as members of the Board while occupying their respective Offices. The President and/or the Treasurer may be removed from their Board Officer positions for cause by a vote of 2/3 of the other members of the Board at any time.

RECOMMENDATION 14: Salaries of the Board President and the Board Treasurer will be commensurate with their redefined roles.

RECOMMENDATION 15: Institute term limits of three terms for the Board President and the Board Treasurer.

RECOMMENDATION 16: Create a removal process for the Board President and the Board Treasurer.

Executive Director

NARFE is a business and as such must be run by those with demonstrated experience for the huge responsibility entrusted to them. Those selected for top management positions, such as Executive Director or Board Director, must be the ones with the right and well-demonstrated skills. They cannot be ones who

happen to be available to come to the HQ area, have a history of past leadership, and are very well intended and/or popular. They must possess demonstrated business acumen and other executive qualifications. As they should be held accountable for effective management of a multi-million dollar enterprise, their experience and training must be of the best caliber suited to manage a significant non-profit organization so it succeeds in competitive surroundings. The Executive Director is the key person in an Association to help guarantee continuity and success via strong implementation of long range planning toward strategic objectives. A NARFE Executive Director would assure we stay strategically focused, as directed by the Board. FON sees that the value of continuity cannot be overemphasized. Such can keep us out of peril and on the right track.

FON recommends that the Executive Director shall serve as the Chief Executive Officer of the organization. He/she shall reside in the vicinity of NARFE HQ and exercise general supervision of all NARFE HQ staff. The Executive Director shall be hired by the Board and shall manage the NARFE HQ staff to Board-approved budgets and goals. She/he is accountable to the Board. The Executive Director, in consultation with the senior professional staff, shall recommend an annual budget to the Board for their review and approval. The Executive Director shall have full hiring authority for all NARFE HQ staff, for example Comptroller, and Directors of Public Relations, Communications, Legislation, Marketing and more.

Professional Staff

Professional staff of the organization envisioned by the Committee shall serve under the supervision and guidance of the Executive Director. Staff performance shall be evaluated by the Executive Director. Rationale behind an immediate increase in professional marketing staff is in the Membership section of this Report. Marketing expertise is paramount to campaigns and strategies that grow our membership. Increased membership is a must for our survival.

RECOMMENDATION 17: Hire a professional Executive Director to manage the NARFE Headquarters.

State Representatives

The Federation of Chapters structure has served NARFE well for many years, attracting some of our most talented and dedicated volunteers. It is supported by substantial funding from 10% and per capita monies. While Federation performance varies from state to state, all have engaged in a range of worthwhile activities, including effective advocacy in some cases. However, as seen in all organizations, structures and business practices that were the best possible at one time need adjustments to meet changing requirements and new environments.

Given the unprecedented threats to our interests and our dwindling resources, the FON concludes that the very valuable human and financial resources at the Federation level should be refocused and redirected to activities that directly support our core mission. For example, it is doubtful we can continue to justify sending an Area Director or District Vice President to chapter meetings attended by less than 10% of chapter members who are engaged primarily in activities other than advocacy. At the National level, the FON believes we cannot afford the very significant time and dollar resources required for planning and running conventions at the National and state levels. It is also evident, too, that people are far less willing not only to attend formal meetings or events, but also to take on responsible roles of leadership or even followership.

To carry this logic further, the FON Committee's vision is highlighted by leaner governance and a more mission-focused organization. NARFE's current structure dates back to the post World War II era when commercial airlines had propellers, telephones used party lines, Polaroid cameras were being introduced, and gasoline was 17 cents a gallon. Chapters have and will continue to provide a valuable service to those who wish to participate. Federations of Chapters are creations of those chapters. NARFE's mission, seen in FON's recommendations, will be accomplished through a State level Representative/Congressional District Leader structure. Our current emphasis on internal administration does not appear to serve our broad membership. The Committee vision does not impose the same ministerial duties upon chapters, alleviating them from burdens now requiring many hands and often Federation assistance. Under current NARFE

Bylaws, Federations are advisory only, with no power over chapter operations. With much of the administrative workload lifted, and chapters freer to operate within the range of a new abbreviated Chapter Bylaws format (to be developed), money currently being used by Federations could be much more effectively used in attaining our mission, e.g. on behalf of the new leaner advocacy-based structure.

On a personal level, NARFE members' choices in modern times encompass considerable options before and in retirement years—not available to many in decades past. They can and do spend hours with family, traveling, engaging in physical exercise and sports, taking advantage of cultural events, attending enrichment courses, becoming involved in political and civic activities and issues, supporting their religious institutions and social and community clubs, and more. The expanding plethora of personal options for 'free time' makes it difficult for NARFE to compete seriously for members' time and attention.

In the final analysis, only our members and our mission are critical elements to NARFE. Chapter and Federation infrastructure and meetings are not our mission. Most of FON members have devoted years to Federation leadership and really struggled with these decisions. They ultimately concluded that the interests of our current and future members must come first in recommendations we make.

Therefore in FON's structure design there shall be a State Representative (SR) for each US state, elected by the Congressional District Leaders (see below) within each state, in December of even-numbered years following the biennial election of Congressional District Leaders. There shall be two additional Representatives representing the NARFE members residing in all non-US State areas (one for the District of Columbia, and one for all other non-US State areas), elected in the same manner as other SRs. SRs and the two other Representatives shall serve terms of two years, with no limit on the number of terms served, which shall run concurrently with the terms of the US Congress. They would work under the guidance of NARFE's Legislative Officer (NARFE's lobbyist and strategist) and Legislative Department, providing feedback thereto. SRs, and the other Representatives, shall be compensated (e.g., \$200 per month, plus expenses), and shall be re-

sponsible for NARFE advocacy activities at the state government level, advocacy of the state's US Senators, and coordination with and participation on statewide coalitions. SRs, and the other Representatives, may be assisted by NARFE volunteers willing to provide such assistance in a variety of activities (advocacy, recruitment, retirement services, Alzheimer's donation efforts, scholarship awards, FEEA fund-raising, and such.). SRs and the other Representatives will be considered contractors, performing with a written agreement of advocacy and financial accountability expectations. Monitoring of effective performance will be the responsibility of HQ staff via review of reports submitted. FON hopes that more focus on advocacy will help encourage current and prospective members to become more active.

RECOMMENDATION 18: Transition from the Federation structure to a state advocacy structure.

RECOMMENDATION 19: Curtail Federation funds, and migrate funding to State, and other, Representatives, and for congressional legislative advocacy.

RECOMMENDATION 20: State Representatives and two other Representatives (replacing Federation Presidents) to become compensated.

State and other Representatives in New NARFE shall elect the regionally-elected Board of Directors, using a proportional voting system (one vote per voting NARFE member residing in their state or area, i.e., "one member, one vote"), with split voting authorized. State and other Representatives may be removed for cause by a vote of 2/3 of the Congressional District Leaders in their state. A State or other Representative vacancy shall be filled by an interim election of the appropriate Congressional District Leaders.

RECOMMENDATION 21: State Representatives to elect the Board of Directors, using a proportional voting system.

Congressional District Leaders

In New NARFE there shall be one Congressional District Leader (CDL) for each Federal Congressional

District. The Representative for the NARFE members residing in the District of Columbia may also serve as the DC CDL. Other non-US state jurisdictions (i.e., Puerto Rico/Virgin Islands, Republic of the Philippines, Republic of Panama) may also elect a CDL, as may be appropriate. In addition, the State Representative for those states having only one Federal Congressional District (i.e., Wyoming) may also serve as the CDL for that state. At the option of the CDL, Assistant CDLs may be appointed by the CDL (for example, for geographic coverage or viewpoint differences or other reasons). Working under the guidance of NARFE's Legislative Officer and Department and providing feedback thereto, each CDL shall be responsible for legislative advocacy within their respective Congressional District, including coordination of advocacy activities. CDLs shall be unpaid volunteers; however, reasonable expenses in accordance with HQ guidelines will be reimbursed by NARFE. Each CDL shall be elected in November in even-numbered years, following the National elections, by a majority of those voting NARFE members residing in the Congressional District who choose to participate in the NARFE voting process ("one member, one vote"). An electronic (preferred), mail-in, or meeting voting process may be used for CDL elections, as determined by the incumbent CDL. All voting NARFE members shall be eligible to vote in the biennial election of CDLs. CDLs shall serve terms of two years, with no limit on the number of terms served, which shall run concurrently with the terms of US Representatives. The respective Representative for each CDL may provide assistance and coordination to the CDLs within his/her state, as requested, such as if there is no sitting CDL.

RECOMMENDATION 22: Establish Congressional District Leaders (CDLs) in each Congressional District.

RECOMMENDATION 23: Congressional District Leaders will be reimbursed for reasonable expenses by NARFE HQ.

RECOMMENDATION 24: Direct election of CDLs by voting NARFE members.

RECOMMENDATION 25: Structure NARFE's election process to coincide with the U.S. Congressional election process.

Congressional District Leaders in Future NARFE shall elect the State Representative for their state, using a proportional voting system (one vote per voting NARFE member residing in their Congressional District, i.e., "one member, one vote"), with split voting by the CDLs authorized. CDLs may be removed for cause by a majority vote (of those voting) of the voting NARFE members residing in their Congressional District. Where no CDL can be found for a Congressional District, the appropriate State Representative may appoint an "acting" CDL or serve as the CDL, when necessary. Other Representatives for non-US state jurisdictions may be treated in similar manner, as appropriate to the situation.

RECOMMENDATION 26: Congressional District Leaders elect State Representatives, or other similar Representatives, using a proportional voting system.

Multi-District Leaders

At their option, groups (two or more) of CDLs in FON's proposal may elect to join together into "Multi-District" action teams, under the direction of a Multi-District Leader (MDL). Multi-Districts may be formed based on geographic, membership strength, or other considerations. The MDLs would be elected by the participating CDLs for a term of two years, and may be removed for cause by a majority vote of the participating CDLs.

Chapters

The Committee sees chapters continuing as local groups of NARFE members that have determined to associate for a common purpose, often for networking or educational purposes. US Postal zip codes should determine the boundaries of each local chapter in most cases. However, in Future NARFE boundaries may overlap. For example, a workplace chapter formed within a zip code area of a chapter could not only be allowed, but celebrated. Existing local chapters at the time of transition to Future NARFE shall continue essentially unaffected. New chapters may be formed through application to HQ. The local chapters will con-

tinue to be effective for all those who prefer that style of participation. SRs may be available to assist chapters in their activities. As recommended in previous studies and surveys, chapter membership shall be available to any NARFE member, subject to the rules of each chapter, in addition to automatic membership in a state and Congressional District action team, under the direction of the corresponding SR (or Representative) and CDL.

To repeat what was said earlier in this Report, research and expert opinions of those who have worked with other associations and organizations tell FON that there is little evidence today or foreseen of thriving mandatory local chapter or state membership within any national organizations. Therefore, if NARFE members choose not to be in local chapters this is not to be taken as an affront. It is, rather, a fact describing how many in societies behave, and are expected to continue to behave. NARFE's experience over the past several years is clear that incoming members attracted to NARFE's mission are overwhelmingly non-participants in chapters with formalized structures and meetings. The phenomenal growth of e-NARFE attests to this. This is further supported by outcomes of polls of e-NARFE members attesting to the fact that dues premiums have nothing to do with their choice of chapter. This evidence cannot be ignored. It should not, however, mean that local chapters cannot explain benefits of local membership and participation for those who are interested. This is particularly true for those who become NARFE activists.

NARFE must embrace emerging ways to attract and retain members. Many practices effective in earlier days are not what is needed now and going forward. While there are successful local chapter recruitment campaigns by some hard working members, there are more instances of members attending events and coming up with minimal interest in NARFE. The way NARFE does its business in general must cater to the decisive shift to faster, direct communications, and far less chain of command flow. Non-traditional chapters such as e-NARFE are not needed in Future NARFE as chapter membership is totally optional in FON's vision. Communications to and from members and prospects everywhere can be instant and often, as well as self-initiated.

In addition to the networking aspect of Chapter

membership, Chapters in Future NARFE are encouraged to participate in legislative advocacy, membership recruitment, Alzheimer's donations fund-raising, and other activities that may further the mission of NARFE. Chapters may also be asked to assist the State Representative, or other Representative, and/or CDL (and/or MDL) in advocacy or in any other NARFE activity such as those just listed immediately above. Chapters are required to meet minimum requirements, as may be established by the Board. Chapters must have a Leader and a separate member responsible for Chapter funds. Chapter bylaws shall be much simplified and standardized to the extent practicable, with clear HQ guidance. Zip code referrals for local Chapters will still be available on the NARFE website.

In the FON Vision NARFE members can continue their membership in current or join future chapters. Members may transfer their membership to any chapter of their choice. However, membership in a local chapter has no effect on the "universal" aspect of NARFE membership. A member is a member. All voting members shall have representation in NARFE governance through their election of their CDL. All members, voting or not, local Chapter members or not, shall be a part of, and are ENCOURAGED to participate in, their appropriate Congressional District action team, (Multi-District action team), and state action team through their CDL, (MDL), and/or State Representative.

RECOMMENDATION 27: Local Chapter membership will become optional.

RECOMMENDATION 28: NARFE members are automatically members of a Congressional District action team.

Members

Many of NARFE's loyal members were born before or not long after 1945. They were and are joiners. The profiles of our present membership and that of our prospective members are not alike. Prospects are the ones on which we must concentrate our outreach efforts. They are our best hope for the future. They are younger than most current members, with many in the baby boomer group. They have been influenced by tel-

evision, space travel, civil rights movements, the sexual revolution and evolution of the digital computer age. If they join an organization they must see what's in it specifically for them. They are likely to be covered under FERS and included in the Social Security system. They are comfortable with computers, GPS, home theaters, iPhones, iPads, tablets, and a host of technology devices and means. They buy, bank, invest, communicate, research, book vacations, check weather, and more on line. They subscribe to few if any newspapers or periodicals. They are not the NARFE membership pool of yesteryear. How they see NARFE and how NARFE must appeal to them have to be quite different than it was for the bulk of our current membership.

For these reasons, FON sees an urgent need to increase NARFE's professional marketing staff. Those with experience in successful public relations and/or marketing (not to be confused with recruiting) bring to our Association the skills, contacts, and wherewithal to package what NARFE can do for the younger set and bring them into our fold. Strides in slowing our membership decline recently are proof of the benefit of public relations and/or marketing expertise. We must invest more in that direction to build our ranks. The bottom line is that successful marketing is a key to membership growth.

FON recommends membership in NARFE should be open to those individuals who support the mission of NARFE (universal membership). See more on this later in the Report. Membership in NARFE shall consist of two types: voting and non-voting. Voting members shall consist of those members who are Federal retirees, employees, or annuitants. Voting members may participate in the election of their CDL. All other members shall be non-voting.

RECOMMENDATION 29: NARFE membership is open to all supporting its mission.

RECOMMENDATION 30: NARFE should increase its professional marketing staff.

Fiscal Viability of NARFE

NARFE must operate like every other business to remain open and viable as an organization working for the benefit of its members. NARFE, like all entities,

needs money to operate and to grow. There are opportunities for added dues revenues and non-dues revenues that can materially foster the Association's financial strength so its mission can flourish. FON recommends use of all possible sources of revenue that can be in keeping with NARFE's mission and goals. FON also realizes reaping substantial revenue from new sources will not be instant.

We have serious doubts that the fiscal scenario for NARFE beyond 2014 is assured. We fear current membership levels will not sustain four National Resident Officers, ten Regional Vice Presidents, and 51 HQ employees. While NARFE's current national leaders are putting serious controls on spending, and instituting prudent decision making, here are some clear examples of how funding decisions impact what we do next. Figures quoted here were developed by the National Treasurer at the Committee's request.

By reducing the current National Resident Officer positions from four to two, who were non-resident (working from home, with occasional travel to HQ and elsewhere as needed) our savings would be in the range of \$343,000 yearly. With a reduction from four to two officers remaining resident, the savings would be in the range of \$250,000 annually. The reduction to seven Regional Vice Presidents from ten now in place can save approximately \$100,000 yearly. Reduction to five Regionally-elected Board members can save an additional \$67,000 annually to be reallocated to more critical professional resource needs. This saved money can be reapportioned to the hiring of a professional Executive Director and a junior level professional marketing expert in the near term. The cost of being serious about advocacy at the congressional district level and at the state level can have a price tag, if fully funded for 435 CDLs and 52 State/Other Representatives, of about \$1 million annually. Spending for this justifiably increased emphasis on true mission would come from monies now issued to Federations and/or levels sub-Federation. Activities for Federations would be curtailed as transition occurs and we move toward undergirding the roles and duties outlined for Future NARFE's governance and structure. A recommendation for this transition of funding appears earlier in the Report.

Dues

The current dues structure evolved over the years and has various specialized categories as well as tiers and grandfathered arrangements. A FON subgroup studied a number of dues structures and classifications found in other organizations. A paper commenting on their research and findings is attached. In return for dues paid, NARFE must offer something attractive to members, such as strong advocacy, the informative Magazine, timely announcements of emerging issues, opportunities to learn and grow and more. After analysis and discussions, the Committee came to conclusions noted below.

Distinguished designations should continue for current enrollees, but may not be available to new ones. Life membership should be reviewed periodically and actuarially, as it is now, to assure it is still prudent for the Association, as well as an enticement for members to stay for the long haul. Those in these two categories currently are not likely to leave NARFE if these options were discontinued. Likewise, discounted rates for multi-year memberships or for dues withholding should continue, and perhaps be expanded if analyses show them to be beneficial to retaining members. These discounted categories have proven to be excellent retention tools as well as good buys for members.

FON also concluded that there should be no dues reduction at this time for couples or partners who both wish to belong. The Committee reluctantly came to this decision, despite the knowledge that some organizations offer free or reduced spousal/partner rates thereby increasing their rolls considerably. At another time when NARFE's financial picture may be improved dramatically, this concept should be re-examined. The Board may wish to consider this concept as an incentive in a small test segment and evaluate the results.

FON recommends that increased revenues come from several new efforts, other than those described above or what we termed 'Classic' membership. A chart illustrating FON proposed dues categories is attached. Distribution of dues monies in Future NARFE would be commensurate with ideas discussed in this Report, necessitating cessation over time of new 10% funds to current Federations. The Committee did not attempt to offer opinions on specifics of dues distribu-

tions.

One effort to increase both financial support and membership numbers would be the expansion of NARFE membership to any and all individuals who wish to support our mission. These might be called 'Patriot' members. FON sees no reason to keep membership exclusive to only those whose wallets will be impacted by legislative victories or losses. Many other organizations have Open Door membership policies, benefiting their name recognition and finances. The other individuals who choose to join should pay the same rates as voting members, and have the same benefits except voting privileges. Income from these newly eligible to join would increase our revenues. It would also send positive signals to our Magazine advertisers, and to those on Capitol Hill and elsewhere about the size of our rolls. This would also address the concern that presents itself now when a good friend, relative or neighbor of a current NARFE member wishes to join the Association, is not eligible, and is told "no."

Youth up to age 26 should be welcomed as members at a reduced rate, e.g. \$10 per year. These non-voting added members would receive a number of defined benefits, including the Magazine, which helps our advertisers remain with us. Most likely youth members would be in school, possibly in public administration fields of study. Opening membership to them will not bring a groundswell of new members, but can demonstrate our encouragement of good government and public service, enhance the NARFE brand, and derive a full dues paying member in later years. This type of membership would require birth date information so our data base would not retain Youth members past age 26. Youth members may also be excellent candidates to help support NARFE activities at all levels of our structure via unpaid internships or other volunteer arrangements.

RECOMMENDATION 31: Open NARFE membership to Youth, up to age 26, at a reduced rate, e.g. \$10/year.

Sponsors

A large number of successful non-profit associations derive income from non-dues revenue. On the other hand, nearly 70% of NARFE revenue is currently de-

rived from membership dues. When NARFE has significant income from non-dues sources low cost or free memberships can then be used to build high volume membership to increase advocacy clout. Non-dues revenue is most often derived from offering courses and/or certifications, special interest education, such as special events and tours, or sales of products, e.g. in bookstores, or services, such as counseling. There are also corporate sponsorships that offer the contributing sponsor substantial exposure to the association's members. Additionally, affiliate programs offer worthy discounts if an association's members get a service or product targeted to them. Sponsorships of NARFE can be achieved and fruitful revenues from non-dues sources can be negotiated for NARFE. FON recommends such talks be held at the earliest opportunities and materially promoted by a professional Executive Director of Future NARFE who should be accustomed to engaging in such negotiations.

RECOMMENDATION 32: Vigorously pursue non-dues revenue sources.

501(c) (3) Foundation

NARFE can meet the conditions of Section 501(c) (3) of the US Internal Revenue Code that allows creation of a separate entity capable of accepting donations that are tax-deductible to the donor. There are numerous technical details regarding having an entity under that provision, but the conditions would be workable for us. The bottom line is that it permits establishment of an educational foundation. One of our major problems is that NARFE is largely unknown among the general population and among current Federal employees who are our next generation of potential members. This lack of recognition hinders our advocacy efforts and recruiting. With use of the provisions in this specialized part of the IRS Code, NARFE could receive tax deductible contributions and/or grants from individuals, corporations and foundations. These funds could be used to educate the public on issues of concern, increase our name and brand recognition, and enhance our legislative efforts.

RECOMMENDATION 33: NARFE should seriously consider establishing a 501(c) (3) foundation.

Conventions

With the implementation of Future NARFE, FON predicts the character of the traditional state and national level conventions will change. Association business will no longer be conducted in these venues, but by the Board of Directors. Therefore, innovative events and conferences where NARFE members gather to mingle, learn, socialize, travel, and stay abreast of helpful tools and techniques for being in NARFE and serving as a NARFE leader for advocacy and other mission associated purposes would evolve.

RECOMMENDATION 34: Conventions should transition into conferences and other events.

Technology, Communications, and Support

NARFE is making strides to modernize its use of technology, and social media, both to manage its operations and to communicate with its leaders, members and prospective members. Clearly, the world is embracing electronic and digital methods. The world is removing filters and time delays in how information flows and business is conducted. NARFE must do the same. It is no secret we have been well behind the trends which affects our hopes to appeal to and retain newer, younger members who are our future. NARFE has not hastened to use modern business tools, or digital marketing, sometimes simply because we had no funds to do so. The FON Committee is well aware that retaining practices that work for most senior members has importance. It is imperative that we do not lose them on our way to updating our methods.

Establishment of NARFE's Configuration Advisory Board, with its representational membership drawn from across our organization, is a praiseworthy innovation in NARFE's management tool box. Its work has helped transition the Association's restricted, out of date member records data base access to one that members and those in positions needing access to member data can use and use in real time, with up to the minute information. NARFE has much work ahead as it turns attention to more and more ways to help staff at HQ and across NARFE check trends, perform analyses, make appropriate data changes, and work efficiently. Much more can be done to bring Current NARFE into Future NARFE via being serious about dynamic ways

to connect and communicate. Ideas include: A NARFE 'app' featuring alerts, news, legislation updates, service announcements, discount information regarding affiliates who offer member 'perks', interactive websites, regular webcasts, chat facilities, and constantly updated 'kits' for member activists and officers. Clearly, NARFE must invest in the most modern forms of public relations and communications. NARFE should also seriously consider increased advertising in areas outside the DC Beltway and through no-cost public service announcements.

RECOMMENDATION 35: NARFE must use the most beneficial technology and communications methods possible.

Transition and Timeline for Future NARFE

There are major changes recommended in this Report for the revitalization of NARFE and for it to become more proactive, rather than reactionary. NARFE must change in order to survive. Not all needed change can be or should be done at once. A well thought out transition is called for. FON believes the top three areas to address include: (1) Moving from four National Resident Officers to a structure with two non-resident ones, (2) adopting a complete change in governance, including the increased use of professional management, e.g. with an Executive Director and increased professional marketing staff, and (3) abolishing mandatory chapter membership.

In an attempt to show how the Vision proposals in this Report might be phased in over time for the good of the Association and for its strong survival and service to the Federal civilian community for many years, attached are suggested options laid out in timeline style. They offer some reasoned, priority-driven, relatively rapid transition ideas, and some less rapid.

Option A was developed with a couple of points in mind. First, asking the delegates to the 2014 National Convention to comprehend and adopt 30 plus recommendations for Bylaw changes and resolutions would be optimistic, and might lead to further delays in what the FON Committee believes are critical and time-sensitive changes. Second, the suggested time line attempts to align the necessary changes to fit into a new election process (and timing) outlined in the vision -

basically running from November, even-numbered year (i.e., 2016) through March 1, odd-numbered year (i.e., 2017).

A key element in moving towards Future NARFE is the adoption of an agreement/resolution, in 2014, endorsing the vision of Future NARFE. The other urgent items, for the immediate future, are the restructuring of the NEB (from 4 to 2 NROs and from 10 to initially 7 RVPs) and the adoption of "universal membership" (i.e., dropping mandatory Chapter membership).

The Committee understands that NARFE needs to constantly evolve and that the National Executive Board (NEB) is in charge of NARFE. It is the Board's job to set the Vision, do strategic planning, and manage all things relating to transition, implementation, and assessment. Options provided here, and throughout the report, are presented as potentially helpful guidance for NEB discussions, if they choose to consider it.

Appreciation and Looking Forward

Members of the Future of NARFE Committee were privileged to be appointed to work on this urgent, important undertaking. We salute all the contributions and achievements of those who have been so faithful to the Association and its mission through the years. We are optimistic that with successful transition to and implementation of the proposals offered here NARFE will be strengthened materially and be in business for decades to come. We envision not leaving our roots, but building on them; not foregoing who we are, but bringing others to our side. Above all, we see our recommendations as right for the challenging and changing times we face and as true to our mission which is our highest responsibility.

Other Voices

- > **Winston Churchill:** To improve is to change. To be perfect is to change often.
- > **Dr. Martin Luther King:** If you want dreams to come true, wake up.
- > **Lewis Carroll:** If you limit your actions in life to things that nobody can possibly find fault with, you will not do much.
- > **President Franklin Delano Roosevelt:** Rules are not necessarily sacred, principles are.
- > **Nike:** Just do it. ■

The National Executive Board Review of the Future of NARFE Report and Recommendations

February 25, 2014

The National Executive Board (NEB) reviewed and discussed in detail the Future of NARFE Committee (FON) Report and Recommendations. The Board is in general agreement with the document. Some of the specific recommendations are discussed below.

The Board agrees that recommendations 1, 2 and 3 should commence immediately. For recommendation 4, it was agreed to realign the current 10 regions to five regions; this change will be effective at the beginning of the new term, November 1, 2014. (See map, p. 31 of this issue of the *NARFE Insider*.)

Recommendations 9, 27, 29 and 31 will be developed into bylaw amendment resolutions for consideration at the 2014 National Convention. At this convention, the delegates will be requested to approve the redesign of NARFE as proposed in the FON Report.

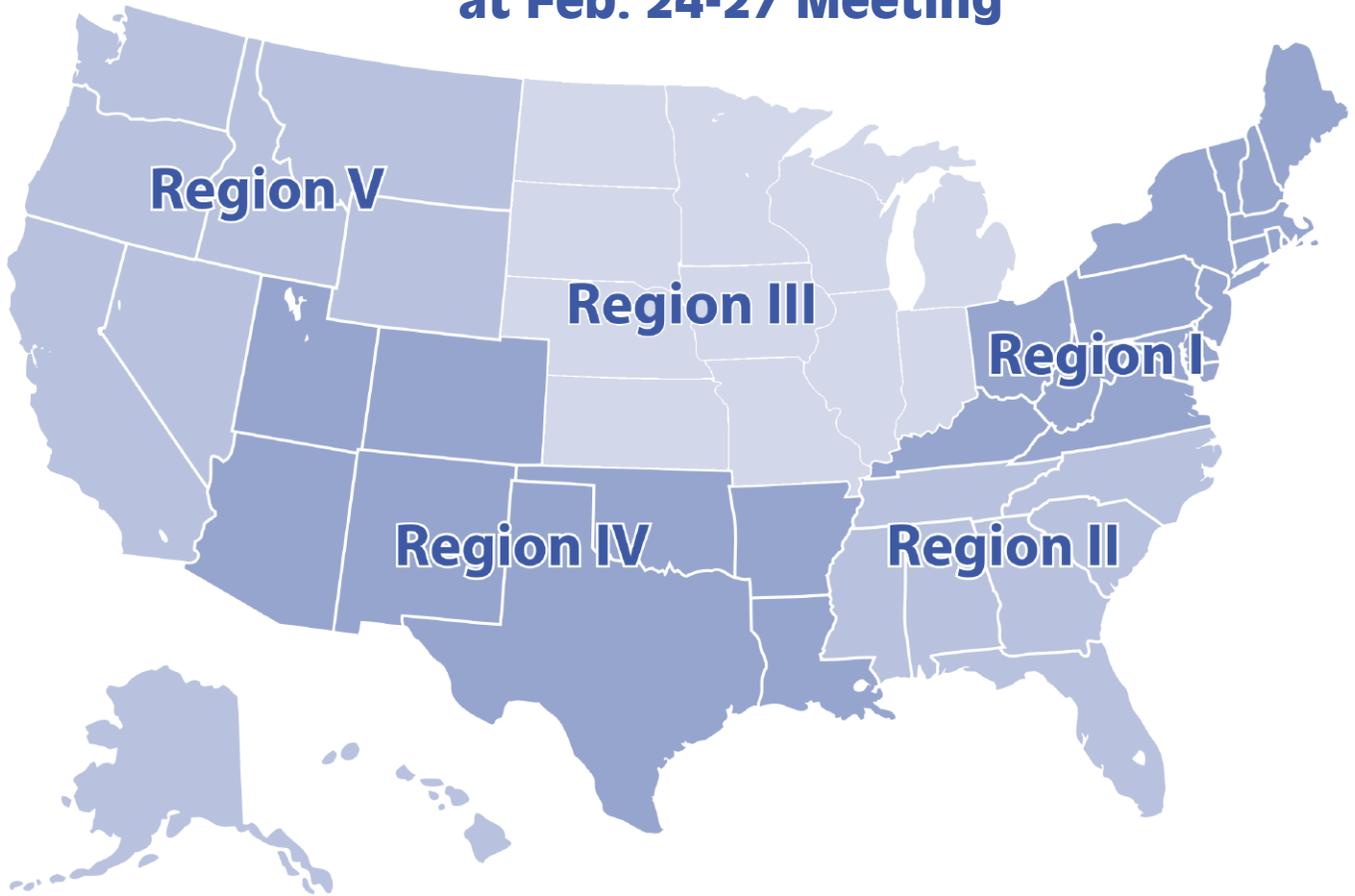
Recommendations 10 and 17 will be implemented by NARFE Headquarters after the 2014 National Convention. The bylaw amendments to implement the remaining FON recommendations will be developed for consideration at the 2016 National Convention.

In reviewing recommendations 19 and 28, there was concern about exactly how to address the issue of those members who do not currently reside in a congressional district. Therefore, the Board agreed to exempt the Philippines and Panama from these recommendations.

The Board agreed to include additional legislative staff to recommendation 30, which calls for increasing the marketing staff.

All the other recommendations were accepted by the Board as presented in the FON report.

New NARFE Regional Map Approved by NEB at Feb. 24-27 Meeting



Region I

Connecticut
Delaware
Kentucky
Maine
Maryland
Massachusetts
New Hampshire
New Jersey
New York
Ohio
Pennsylvania
Rhode Island
Vermont
Virginia
West Virginia

Region II

Alabama
Florida
Georgia
Mississippi
North Carolina
South Carolina
Tennessee

Region III

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri
Nebraska
North Dakota
South Dakota
Wisconsin

Region IV

Arizona
Arkansas
Colorado
Louisiana
New Mexico
Oklahoma
Texas
Utah

Region V

Alaska
California
Hawaii
Idaho
Montana
Nevada
Oregon
Washington
Wyoming



**National Active and Retired
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