

Board Engagement Strategy: Permanent Supportive Housing

Most nonprofit organizations looking to develop Permanent Supportive Housing (PSH) services will need the approval of the Board. This is because implementing PSH likely represents a significant alteration in operations and, as a result, will require allocating additional resources (staffing, training, processes, and technology) to comply with contract requirements and meet performance expectations. Furthermore, alterations to governance policies, especially when a high-value contract is on the table, often require approval from the Board. If the bylaws require that the Board approve the contract, then steps must be taken to educate members regarding the opportunity. PSH positively impacts the community but is a massive evolution for some organizations, given that leaders may choose to include their Board in the process even if the bylaws do not require their approval.

A Board has a fiduciary obligation to minimize risk to the organization. This guide is intended to facilitate the organization's ability to present PSH to the Board so that a proper evaluation of the opportunity, its risks, and obligations can occur, thus enabling the Board to allocate the resources necessary to implement the required changes. Conversely, the absence of essential background details increases the likelihood that Board members (mindful of their fiduciary duty) may default to a more conservative perspective regarding risk.

This guide identifies the information organizations should provide to the Board as they evaluate the business case for the institution of a PSH program. The information is presented as a step-by-step guide that can be tweaked per the organization's needs. Also included is a proposed agenda, sample prompts to enable leadership to facilitate Board discussions, and a Board Score Card the Board members can use to evaluate PSH.

Step One: Presenting Information to the Board or Basic Training

During Step One, leaders will assemble the basic information the Board will need to evaluate the case for PSH and whether to move forward with further planning and development into implementing the model. This "Basic Training" period should include, based on the bylaws and the vision of the organization's executive leadership, what the role of the Board is to be. While some Boards are very involved, engaged from soup to nuts in the operations of the organization they serve, others have a more limited capacity or are strictly responsible for fiduciary oversight. Therefore, before beginning to unpack for the Board the "what" of PSH, it is important to define the role of the Board in this evaluation and the oversight of the is to be and confirm that it is fully understood. That role is to make high-level strategic planning decisions, ensure that an organization's operations align with the organization's mission, vision, and values, and that resources are allocated effectively based on those strategic priorities.

Once the Board understands its role, explain PSH and the reasons behind the organization's interest. Provide simplified information that boils PSH down as much as possible while providing the most germane details. Basic Training should remain basic. The details will be broken down more fully

in later stages. Be careful not to overshare and overwhelm Board members who may be naturally cautious when confronted with such a significant systemic change.

Carefully outline changes the organization must undergo, providing sufficient detail and offering solutions to the most evident hurdles where possible. For example, if staffing is challenging, ensure this issue is acknowledged when staffing changes are discussed. The Board will want to know that organizational leaders have carefully analyzed the pluses and the deltas and are considering remedies for all possible roadblocks. Don't minimize the issues but make sure possible solutions are presented to the Board.

Speak to staffing and the need for renovation, acquisition, and partnerships. Basic Training should include the possible models of PSH under consideration if, for example, the organization wishes to explore a scattered site model, be sure to explain to the Board why this option is the more appealing one; show that leaders considered each allowable element before choosing and presenting that choice to the Board.

STEP ONE RECAP:

- I. Define the Board's role, authority, and responsibilities. Present a positive statement of the Board's role and how that role relates to organizational leadership.
- II. Define the opportunity for the Board.
- III. Articulate why the organization is considering this opportunity and how it fits within its strategic plan, mission, vision, and business plan.
- IV. Identify the operational impact of the proposed change (What does this change for the organization? What is the cost of implementation?)
- V. Be mindful of the need for investments or changes to staffing, building renovation/acquisition, and referral workflows.

Step Two: Determining the cost/benefit of the PSH opportunity.

With the Board's approval, the organization is moving forward with an in-depth analysis of how PSH will impact the business. In this step, organizational leaders will put in place a process for making recommendations so that the Board can make an informed decision regarding whether it is in the organization's best interest to move forward with PSH. This will require due diligence investigatory work with oversight. Appoint an Advisory Committee that plans how PSH will be incorporated or developed. The Advisory Committee should include Board members, an executive leader whose participation lends credence to the work, managerial or line-level staff with relevant expertise, persons with lived experience (sometimes called peers, these are individuals who have used these services or have family/friends who needed them), and community leaders with the knowledge or who will need to approve of the project for one reason or another.

Once the Advisory Committee is in place, the first task should be to develop a work plan that outlines how the group will achieve the activities. The group may wish to create a Gantt chart that illustrates the workflow while showing the timeline or schedule the work is on. They may also want to use a RAID document to identify when a task is complete or at risk quickly. RAID stands for Risks, Assumptions, Issues, and Dependencies and allows work groups to analyze the progress of their project in an organized way.

The tool shows who is responsible for a task, how long it may take, and if the work is at risk, and it logs the various elements or occurrences for each item so that readers can identify steps taken by reading the notes left. Keep the document in a central location but maintain tight version control to ensure the document's integrity. The process outlined in Contract Evaluation Process can be adapted to this stage. Alternatively, consider using the evaluation worksheet at the end of the Business Considerations portion of the toolkit.

The work plan, no matter the format the group decides on, should define objectives and activities and provide a clear reporting structure. Whether there is one group or multiple work groups, each assigned a different portion of the work, make sure that the deliverables and the dates by which they are due are clear.

Assign an administrative role to one person and allow that person to assist the team in keeping track of the work due and providing generalized assistance. Define the deliverables ahead of time and ensure the group understands their task and the required format so that it is understandable and expected when it's reported back to the group.

Define compliance requirements, performance standards, and other reporting requirements or metrics. Perform a simple gap analysis that allows for a side-by-side comparison of the organization's current state versus the state under PSH, what is currently evaluated and monitored, and what must change. Break the team into subgroups as needed: compliance, contracting, finance, human capital, environmental services & facilities, and cultural competence.

If work groups exist, for instance, a Contract Review Work Group or Compliance Work Group, as suggested in other tools in this kit, leverage the existing resource. As subgroups form, consider the need for additional expertise; legal professionals, current PSH owners, or regulatory experts may be desirable additions to subgroups, or subgroups may wish to conduct key informant interviews with individuals who can best inform the project without inviting more in-depth participation.

As the groups work through each piece of the analysis, ensure regular progress reports are made to the Board. Reports do not need to be in-depth but should be comprehensive and illustrate the group's awareness of progress and roadblocks.

Consolidate the work into the simplest terms, pulling out the key points that must be analyzed and discussed. A SWOT (strengths, weaknesses, opportunities, threats) analysis needs to be conducted now that the information-gathering period is over.



STEP TWO RECAP:

- I. Develop an Advisory Committee
- II. Develop a work plan; guide the work with a RAID document or workflow chart.
- III. Break the work down into subgroups by subject matter
- IV. Prepare reports for the Board to keep them abreast of the work
- V. Consolidate the information into a simple SWOT breakdown.

Pro Tip #1

Operational Evaluation

1. Conduct an Operational Cross Walk based on current policies and procedures. This work will help inform who needs to be involved in the evaluation. As the crosswalk is assembled, it will become clear what departments or individuals need to provide information.
2. Make sure leaders have a firm handle on the current state to perform a gap analysis. Knowing what will need to change and what remains the same is important, given the financial implications. Make sure the organization has in place what's needed, knows where a quick pivot will be required, and has clarity around the missing pieces.
3. Pay special attention to staffing capacity and needs. Does the organization have the right staff? Is there staffing available, or has it been challenging to hire? Does HR or an external staffing agency need to be involved at this evaluation stage?

Pro Tip #2

Financial Evaluation

1. Immediately pull in the organization's financial guru and contact a professional if the organization lacks an expert. If the organization is at sea with this, consider contacting the [regional U.S. Small Business Administration's offices](#) for advice. Alternately, The Washington Small Business Development Center offers a [Directory of Business Resources](#), which may be helpful.
2. Be transparent about financial barriers, risks, and assumptions. The Board is aware of where the organization stands fiscally, ensuring that transparency continues through the discovery process.
3. Have a section of the financial work group outlining a mitigation plan that addresses the steps to be taken in the unlikely event that PSH does not work out for the business.

Pro Tip #3

Hang onto the Advisory Committee

1. The people who led the charge in analyzing the opportunity will be some of the most committed to the project's success. Their excitement will allow the necessary momentum to build behind the PSH project and help maintain it in the future.
2. Those who participated in this work know best what the pitfalls will be and can help alleviate the pain or assist the organization in avoiding it through their connections in the community and using that same energy that got the organization through the assessment process.
3. Those who weren't Board members as the analysis rolled out may want a deeper connection with the origination now that they've been through some of the fire and helped the organization grow to its full potential, these kinds of allies are difficult to come by, and their connection to the organization deserves nurturing.

Step Three: Evaluation by the Board

The time has come for leadership to tee up the presentation of information. In this step, the Board will consider the proposition of PSH more in-depth, carefully assessing each aspect examined by the Advisory Committee. Perhaps some Board members participated in the analysis, but not all, maybe all of them participated, but no one yet has the whole picture; possibly every Board member was a part of the work, but now everyone needs a recap and a formal process is necessary to get the work on track fully.

As the Board has read the reports from the group, the information formally reported should come as no surprise. Make sure that any in-depth information that cannot be broken down is provided ahead of the scheduled presentation as a pre-read so that Board members can take the time to familiarize themselves with the information in advance and are poised to ask clarifying questions.

As the information is presented, part of the work will include information to the Board on cultural competence related to PSH and the population served. While some industries and workplaces are doing what is needed to assist their staff and the surrounding communities in learning cultural competence, it should not be assumed that any Board member fully knows. It is the organization's responsibility to provide detailed information and [instruction](#) to the Board so that they can develop the necessary skills and obtain the required information related to diversity, equity, and inclusion and how it relates to the PSH model.

As the initial presentation to the Board ends, set up subsequent meetings to perform the formal analysis of the prospect. Now that the Board is fully informed, it is time for them to sit with the information and absorb it. Do not rush the process; allow for information to settle in so that logical follow-up questions can be asked and rational decisions can be made. When the Board meets next, through a special meeting or retreat or during the next scheduled Board meeting, bring the process to a close.



Request that an initial set of Board Score Cards be filled out ***in advance*** based on reports given to the Board throughout the discovery process and pre-reads offered. This will allow executive leaders to note and address issues that have arisen for Board members, adding these items to the agenda to be discussed. The purpose of this meeting will be to determine if PSH is a good fit. As a result, everyone involved in the process must be transparent, allowing for informed analysis and response. Leaders should have internally analyzed the materials in the same manner as the Board.

A second set of Board Score Cards should be issued at the beginning of the meeting, allowing members to reevaluate their thoughts as they learn more or point out additional barriers. A responsible party should collect, organize, and report the contents of the scorecards allowing leaders to assess the contents.

If conclusions differ, leadership should be prepared to explain why the organization will be overriding the Board's thoughts if allowable or determine if it's possible to reconsider if further work is done to evaluate the opportunity.

STEP THREE RECAP:

- I. Develop a presentation for the Board informed by the Advisory Committee's work.
- II. Develop pre-reads for information that cannot be broken simply so the Board is very prepared.
- III. Provide information specific to Cultural Competence as it may fall outside the general business knowledge of members.
- IV. Allow for pre and post-assessment using the Board Score Card.
- V. Dependent on the outcome, determine if further investigation is needed. If so, develop a plan to address outstanding questions and concerns.

Toolkit Resource Note: For the RAID document is presented in a spreadsheet, which is available here through this file download.



ENDNOTES

¹ A contract evaluation *Work Plan Template* is available in the Contract Evaluation tool

² A *Compliance Requirements Template* is located in the Contract Compliance tool

³ U.S. Small Business Administration. "SBA District Offices," Accessed May 25, 2023. Available At: <https://www.sba.gov/about-sba/sba-locations/sba-district-offices>.

⁴ Business WA. "Business Resources," Accessed May 25, 2023. Available At: https://www.business.wa.gov/site/alias_business/972/business-resources.aspx.

⁵ Mental Health First Aid. "Mental Health First Aid USA - Mental Health First Aid," Accessed May 25, 2023. Available At: <https://www.mentalhealthfirstaid.org/>.

SWOT ANALYSIS

INTERNAL FACTORS

Strengths	Importance	Weakness	Importance



SWOT ANALYSIS

EXTERNAL FACTORS

Opportunities	Importance	Threats	Importance



BOARD SCORE CARD

Including Foundational Community Supports – Permanent Supportive Housing (PSH) in our services reflects a change in operations. To nimbly comply with alterations to contractual requirements and performance expectations, the organization must evaluate operational readiness and the ability to pivot to align adjustments with current policies and procedures. Additionally, an assessment of the opportunity is needed to determine the financial and social impact on the organization and the community it serves.

As a board member, you are asked to evaluate this opportunity's "fit" or alignment with the organization's mission, strategic direction, and current operations. To assist in this evaluation, the following scorecard was created.

HOW TO USE THIS SCORE CARD

While this is a "scorecard," no minimum "score" needs to be reached for an organization to pursue contracting as an FCS provider. Instead, the purpose of this scorecard is to help Board members to organize their evaluation and to facilitate discussion. This means it helps identify gaps, including where additional information or research is needed.

The questions on this scorecard cover three areas relevant to this evaluation: organizational fit, organizational capacity, and the cost of providing FCS services as a Medicaid provider.

A component of each category includes whether the scorer feels that they have sufficient information to provide an informed assessment. This is also an opportunity for the scorer to identify what additional information (if any) is needed.

The scorecard presents a series of 13 statements across these three categories. Users should select a response, 1 – 5 to reflect the degree to which the respondent agrees with the statement, with:

- "1" reflecting "strongly agree,"
- "2" for "agree,"
- "3" for "neither agree nor disagree,"
- "4" for "disagree," and
- "5" for "strongly disagree."

For any scoring of an element above "3," the respondent should identify the factors behind this conclusion in the Notes section of the Chart. A higher score reflects a higher risk of contracting as an FCS provider.



Element		1	2	3	4	5	NOTES
Evaluating Organizational “Fit” and Alignment							
1	I have sufficient information to evaluate whether contracting as an FCS provider aligns with the organization, mission, strategic direction, and business model.						
2	FCS aligns with the organization’s mission						
3	FCS aligns with the organization’s current growth strategy						
4	FCS aligns with the organization’s business model						
Evaluating Organizational Capacity							
5	I have sufficient information to evaluate whether the organization has the capacity to adapt to the delivery of FCS services to fulfill its contractual obligations						
6	The organization currently has the capacity to encompass FCS into the business model						
7	The organization is well-positioned to recruit staffing to support the FCS model						
8	The organization has or can acquire the necessary financial resources to support the FCS model						
9	The FCS model will help the organization meet long-term capacity goals						
Evaluating Contract Costs and Resources Needed							
10	The organization has collected sufficient information to estimate the likely costs of implementing FCS services and contracting as an FCS provider.						
11	The pro forma budget presented to the Board accurately projected the cost of the addition of FCS services.						
12	The organization’s assessment of the pro forma includes an estimate of foreseeable administrative costs associated with becoming an FCS provider.						

BOARD SCORE CARD

FREE RESPONSE AND NOTES

USE THE FOLLOWING SPACE TO IDENTIFY ANY OTHER QUESTIONS OR CONCERNS NOT OTHERWISE ADDRESSED. *Examples may include questions about the process the organization is using to evaluate the opportunities; identifying additional sources of information to address questions; or concerns, questions, or recommendations about the Board's continuing involvement in and oversight of the evaluation.*



SITUATION, BACKGROUND, ASSESSMENT & RECOMMENDATION (SBAR)

GENERAL PROJECT INFORMATION	
Project Name:	
Project Lead:	
Advisory Council Members:	
Executive Sponsor:	
Date Prepared:	

Purpose of this document: Use this document to identify the goal of the proposed project, identify barriers and propose solutions. Explain the benefits and costs of the project. Update the document periodically through the discovery process, archiving older versions. The primary purpose of this document is to build a case for change while identifying the resources necessary to execute the change and the process that will need to be in place for implementation.

SITUATION / EXECUTIVE SUMMARY: Describe what is the issue/need that will be addressed in this document? (1 or 2 sentences)

BACKGROUND PROBLEM / NEED / OPPORTUNITY STATEMENT: Describe the current state of the organization as it relates to the issue at hand. Break the problem into bullet points, separating them into action and impact. Include any current state data both qualitative and quantitative.

PROPOSED GOAL: Describe the goal and include information regarding the financial impact, the tenant experience, staff experience and needs, regulatory and contractual requirements, and other areas impacted.

POTENTIAL OBSTACLES: What are the most likely barriers we will encounter in addressing this problem / need / opportunity? Examples would be Financial, Competing Priorities, and Resources.



SITUATION, BACKGROUND, ASSESSMENT & RECOMMENDATION (SBAR)

ASSESSMENT: Identify the proposed goals and include the benefits and risks for each option. Use information that can be measured in actual dollar return, tenant value, colleague value, or business growth.

OPTION 1 (PREFERRED):	
PRO:	CON:
OPTION 2:	
PRO:	CON:
OPTION 3:	
PRO:	CON:

RECOMMENDATION: *After careful assessment the following is the best path forward.*

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PSH ADVISORY COUNCIL

SUBGROUP NAME

To be presented at Advisory Council meetings to inform each subgroup in a succinct manner

[A] Accomplishments:

Since the assessments

[D] To Dos:

Major activities/milestones planned

[B] Barriers/Risks:

Actual/potential barriers for awareness/action

[C] Countermeasures:

Actions for removing or preventing barriers

