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**TESTIMONY OF THE HONORABLE BONNIE McELVEEN-HUNTER  
CHAIRMAN OF THE BOARD OF GOVERNORS  
AMERICAN NATIONAL RED CROSS**

**COMMITTEE ON FOREIGN AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES**

Chairman Lantos, Congresswoman Ros-Lehtinen, Members of the Committee, I am a grateful American, a business owner, a former “citizen” Ambassador and proudly a volunteer ... as Chairman of the Board of the American Red Cross ... for the greatest humanitarian organization in the world. An organization that reaches out to the **least**, the **last** and the **lost** at their most critical hour of need. An organization guided by Congressional Charter and supported by the generosity of the American people. An organization of 35,000 employees and almost one million volunteers.

An organization that is not always perfect ... but where I have personally witnessed the power of our work across the street and around the globe. I have witnessed our work in shelters along the Gulf Coast following the devastation of Katrina, Rita and Wilma. I have witnessed the power of our work in Darfur refugees camps in Chad, Africa. I have witnessed our work in the rebuilding of homes and lives following the devastation of the tsunami. I have witnessed our work as we have saved the life of a child undergoing chemotherapy with lifesaving blood.

In October 2004, I was nominated and selected by the Red Cross Board’s Search Committee and I assumed my mission as Chairman. From August through September, 2004, Hurricanes Charlie, Frances, Ivan and Jeanne hit Florida and required the largest response for the American Red Cross to a natural disaster in our 124 year history *at that time*.

Two months later, in December 2004, a tsunami with the energy of 23,000 Hiroshima bombs hit Southeast Asia. And less than a year later, in August 2005, Hurricanes Katrina, Rita and Wilma devastated the Gulf Coast which produced the largest the largest disaster response in the American Red Cross’s 125 year history.

Shortly after our immediate response to Katrina and while still helping hundreds of thousands of survivors, the Red Cross initiated a top-to-bottom review of our operational response capabilities and a critical analysis of our performance. I have attached a copy of the report Challenge to Action which I respectfully request be included in the record. These “lessons learned” have led to an investment of \$125 million to improve our disaster response infrastructure. We have tripled our warehouse space, enhanced our logistical support and made substantial technological improvements. We have reached out to become better partners with numerous non-profits and governmental organizations involved in disaster preparedness and response. We are committed to being better prepared for the challenges that may lie ahead.

Simultaneously, the Board embarked on a critical and comprehensive assessment of ourselves and our 60 year old governance structure and practices. I must confess that when I joined this Board in October of 2004 and was told there were 50 Board members, the first thing that I said was, “we need to fix that right away.” I was told that it could not be fixed unless I spent my entire tenure seeking an Act of Congress. That is what we are doing today.

Our goal Mr. Chairman, Members of the Committee, was not to simply look at governance reform but to become the governance “gold standard” and to lead by example in the not-for-profit arena. During this “deep-dive” review, the Board’s Governance Committee called upon an Independent Governance Advisory Panel, made up of some of this country’s most prominent governance authorities, to include: Karen Hastie Williams, Peter Clapman, Professor Charles Elson, Margaret Foran, Professor Jay Lorsch, Patricia McGuire, and Professor Paul Neuhauser to carefully examine current Red Cross governance and to provide examples of current “best practices” in both the for-profit and non-profit communities. This six-month long governance review involved more than 100 interviews of non-profit and for-profit sector governance leaders, scholars, government officials, past and present Red Cross board members and officers, management, volunteer chapter leaders, donors and others who have observed and worked with the Red Cross.

I am proud to report the Board is not only supportive of this governance reform but *unanimously* approved a series of changes which will ensure our governance practices are able to support the Red Cross mission today and in the years to come. In a 156 page report entitled, American Red Cross Governance for the 21<sup>st</sup> Century: A Report of the Board of Governors, the Board spells out its recommendations and the reasons behind them. I have attached a copy of the report which I respectfully request be included in the record. These recommendations incorporate some of the best governance practices in corporate and nonprofit communities. In short, the legislation we recommend to Congress would produce the following transformational changes:

- **Reduced Board Size** – The current charter requires a 50 person board. The legislative recommendation reduces the size of the board to (i) 12-25 members by 2009 and (ii) 12-20 members by 2012.

- ***Simplified Board Structure*** – The current charter provides for three categories of board members. The legislative recommendation streamlines the membership to one category of board members selected through board nominating process, approved by the full board and elected by delegates to the Red Cross annual meeting.
- ***Presidential Appointees*** – The current charter provides that the President appoints eight members to the board, seven of whom are governmental officials. The legislative recommendation establishes a Cabinet Advisory Council, composed of eight to ten principal officers of executive departments and senior officers of the Armed Forces appointed by the President, to provide the Board with critical governmental input and support. Under the legislative recommendation, the President continues to appoint the Chairman of the Board as nominated and approved by the full Board.
- ***Governance and Oversight Board Role*** – The current charter gives the Board all powers of governing and managing the Red Cross. The legislative recommendation clarifies that the Board will focus solely on governance, strategic oversight and direction of the Red Cross.
- ***Ombudsman*** – The current charter does not provide for a Red Cross Ombudsman. The legislative recommendation establishes an Office of the Ombudsman that has unfettered access throughout the Red Cross and reports annually to Congress.

After an exhaustive process, I am convinced that these changes to the American Red Cross charter will improve the organization's governance structure and practices and enhance the organization's overall accountability and transparency to the American people. Because we believe these changes are vital and in the organization's best interest, we ask for your support for the necessary legislative changes so we may implement them as soon as possible.

For more than 125 years, the American Red Cross has been America's partner in prevention of, preparedness for, and response to disasters. We are an American institution, rich in the history and tradition of this nation, and we aspire to continually improve ourselves. We owe this to the American people who so generously give of their time, talents, and trust – and we owe it to those who rely on us in their greatest hour of need.

Finally, let me say how grateful I am to the entire Board of Governors for their leadership and commitment. The actions recommended by the Board complement efforts already underway to improve our response capability, chapter structure and administrative infrastructure. We are committed to working in partnership with all our stakeholders because only together can we become the Red Cross the American people expect and richly deserve.

I would like to personally thank you on behalf of the Board of Governors, management and our volunteers for taking the time to address this critical issue to the Red Cross. We are asking today for legislation to amend the American Red Cross Congressional Charter. I am happy now to answer any questions you may have.