



FACT SHEET

DEVELOPING AND MAINTAINING BYLAWS FOR FARMER ASSOCIATIONS

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When an organization is first incorporated, it must have two foundational documents: articles of incorporation and bylaws. The articles of incorporation are typically a one to two-page document acknowledging the existence and purpose of the organization and what happens if/when the organization dissolves. Bylaws are longer documents outlining how the organization is structured and functions. Bylaws describe the general membership, the board, and how decisions about the organization are made. The bylaws provide guidance as to who in the organization makes decisions and how decisions are made.² Thus, bylaws influence the quality of all future organizational decisions.

Depending on in the country in which the organization is incorporated, the government may require that an organization's bylaws are filed or registered. Even if this is not required, it is still important to develop bylaws, so the organization has a formal organizational structure.

Purpose of Bylaws

The purpose of bylaws is to explain the role and function of the organization. From a legal perspective, bylaws are contracts that describe how an organization operates, who are the members, and what are the rights and responsibilities of these members. Essentially, it outlines the structure of the organization.

It has been said that bylaws are essentially value documents—by describing how the organization operates, bylaws lay out the values of the organization. Bylaws have also been described as foundational documents. By making explicit the leadership and membership functions of the organization, bylaws provide a foundation from which to carry out the mission. Every board member and general member (if applicable) should have access to the bylaws.

Contents of Bylaws

For nonprofit organizations, bylaws typically contain the following content:

- Name and location: the name and location of the organization.
- Purpose: the mission of the organization.

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² The goal of this article is to explain the function and composition of bylaws. This article does not offer legal recommendations.

- **Membership:** An explanation for who is considered a member and what rights and responsibilities members have. Not all organizations have members.
- **Board Leadership:** A description of the board including number of board members, process for electing or appointing board members, process for removing board members, and term limits (if any).
- **Board Meetings:** a process for calling board meetings.
- **Quorum:** A minimum number or percentage of board members that must be present to conduct a board meeting and/or to vote on issues.
- **Committees:** A process for creating and dissolving committees. An explanation of what responsibilities can be designated to a committee and what needs to remain in the hands of the board.
- **Amendments:** A process for how to change or revise the bylaws and a list of changes made to the bylaws.
- **Signatures:** The final bylaws should be signed by the board at the time of the bylaws were established.

Membership. Organizations may or may not have members. Examples of organizations that have members include farmer associations, religious organizations, and some arts and culture organizations. Many organizations do not need members. If an organization does not have or need members, the bylaws should state there are no members.

If an organization does have members, the membership section of the bylaws should describe the following:

- Qualifications for membership
- The process of becoming a member
- Dues and obligations for members
- Rights and privileges of members
- Membership meeting frequency and procedures
- Voting procedures
- Quorum
- Requirements for providing ample notice to members of upcoming meetings
- How members may be removed from the group

Board leadership. The bylaws should describe the board by size, and it should include processes for election and removal of board members. The size of the board will vary by organization and is often a delicate balance. A large board can be difficult to manage. A small board may not have enough diversity of skills to lead the organization. It is helpful to indicate in the bylaws a range of board members rather than a specific number (e.g., 5-7 or 12-15 members). This range will help maintain compliance, even when people rotate off unexpectedly. It is also helpful in practice to have an odd number of board members to avoid ties when tallying votes.

Nonprofit board members are typically appointed through one of three ways. First, nonprofit board members can be self-perpetuating. This means the current board members are responsible for identifying future board members. Most nonprofits in the United States are self-perpetuating. Second, nonprofit board members can be elected by the general membership. Third, nonprofit board members can be appointed by their position. In this instance, a board seat might be reserved for whoever holds a specific appointment in a different organization with which the nonprofit has a relationship. For example, there may be a board set on a community clinic's

board reserved for whoever operates the outreach director position at the local hospital. This sort of appointment can serve as a permanent bridge between two collaborating agencies.

In addition to outlining how board members are appointed, bylaws should also specify the process for removing a board member. For example, the bylaws might state a board member would be removed if they missed a certain number of meetings or acted in a way not consistent with the organization's policies.

The bylaws should specify the length of service, also called a "term." A board term is typically one, two, or three years. One year is typically too short for the board member to make any meaningful contribution as they spent most of that year getting to know their position. Two or three years is generally recommended, depending on the organization. The bylaws can specify whether board members can be reelected and for how many total terms. It is important to stagger terms so that not all of the board rotates off at the same time. For example, if an organization has a two-year term, the election process could be designed so that only half of the board would rotate off each year.

The bylaws should also specify the roles of officers. This might include a president, vice president, treasurer, and secretary. Generally, it is not good for one person to take on two officer roles. Additionally, it is not good for a staff person to fill the officer role. Having independent board members fulfill these roles allows for an internal check and balance process.

Some organizations compensate their board members. This is typical in for-profit organizations but occurs less frequently in nonprofit organizations. If the board is paid, the bylaws should state the board members are compensated and generally describe how that compensation is determined (e.g., compensation might be reviewed annually and comparable to industry standards). If the board is not paid, the bylaws should state board members are not compensated. Compensation does not include reimbursement for expenses (e.g., a board member's travel for board purposes).

Board meetings. The bylaws should specify the process for calling the board meeting and the general frequency of these meetings. For example, the bylaws might indicate the organization must hold no fewer than six board meetings a year, and that board members must have at least two weeks' notice prior to each meeting. If the organization has members, the bylaws might specify whether members were allowed to observe the board meetings and whether members should be given notice of such board meetings. The bylaws would also specify how special board meetings might be called. For example, special board meetings might be called by any two members of the board and that board members must be given one week's notice.

The bylaws do not specify what day/time the board will meet but, rather, indicate the board will meet at a given frequency (monthly, quarterly, etc.). This allows for plenty of flexibility.

Quorums. A quorum is the number of votes needed for a particular resolution to pass. It is generally described as a percentage of total board members or, for membership votes, members. For example, an organization might decide that 51% of board members must be in favor of a resolution for it to pass. The key here is that we are talking about the total number of board members, not the total number of board members present at that meeting. Most organizations use 51% as their quorum. Some organizations use a lower or higher percentage.

Going lower runs the risk of the board passing resolutions that are not good. Going too much higher runs the risk of the board not being able to pass a good resolution.

One challenge in obtaining a quorum is board attendance. Generally, board members must attend meetings to vote. If board attendance is difficult at the organization, consider addressing that by changing the culture of the board, removing board members who are frequently absent, or by decreasing the total number of board members.

Committees. The bylaws should be specific to what committees need to be in place and who can serve on the committees. For example, most committees should be chaired/led by a member of the board. However, the members of the committees can be the association's members, the general public, representatives from local agencies, etc. The committee structure is a strategic way to recruit new board members and spread out the workload.

The board should think carefully before deciding to form a committee. Without sufficient management and oversight, too many committees can slow down the work of the board. Too few committees usually result in board meeting agendas filled with the type of discussion that would be better had at the committee level. The choice of what types of and how many committees to include will vary by the organization size, mission, and whether the organization has staff to conduct its business.

An executive committee is typically comprised of the officers of the board. To protect the organization, the executive committee typically does not have the power to a) dissolve the organization, b) sell all of the organization's assets, c) add or remove board members, and d) change the bylaws. The bylaws should identify who is part of this committee, how much notice is needed to call an executive committee meeting, who can call such a meeting, and what powers the committee has.

A standing committee is a committee that is staffed on a regular basis. Usually, a member of the board is the chair, and the remaining seats are filled with a combination of board members, staff, and volunteers. Examples of standing committees include marketing, fundraising, human resources, programs, membership, governance/nominating committee (designed to recruit new board members and help evaluate the board), etc. A temporary or Ad Hoc committee is a committee that is formed on an as-needed basis. The bylaws should explain the process for how such committees may be formed. For example, the bylaws may specify that the board can form ad hoc committees. While the bylaws do not need to name the potential ad hoc committees, examples of such committee might include: capital campaign committee, new projects committee, human resources committee, or a committee formed in the wake of a specific natural disaster, etc.

Amendments: Bylaws should be amended regularly as needed. The bylaws should describe the process for amending the bylaws. For example, are bylaws amended by a vote of the board or a vote of the membership? It is recommended that the quorum for amending the bylaws be high, such as two-thirds or three-fourths of the group (board or membership). This higher quorum on this vote ensures that changes to the bylaws—which are an organization's foundational documents—are good, solid changes. It is recommended that organizations create a written document to describe the amendment and the rationale as this information can be helpful in the future.

How to Change or Update Bylaws

Bylaws are “living documents.” When bylaws are not updated regularly, they become ineffective, and this can stall organizational progress. Instead, bylaws should be reviewed and updated every three to five years.

As previously discussed, the bylaws should include a process for revising or amending the bylaws. Ideally, a committee of people will review the current bylaws and propose changes. These changes will be reviewed, discussed, and voted on either by the membership or by the board. Any bylaw updates should also be filed with the appropriate government authorities as needed.

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