Organizational Changes

In 2006 Congress took action to try to improve the ARC's effectiveness and efficiency when Senator Charles E. Grassley filed legislation to overhaul the organization. Grassley's legislation also forced the organization to become more transparent. In 2006 the ARC disclosed thousands of pages of documents that had not previously been available to the public. This marked the first time in almost 60 years that Congress had moved to amend the organization's charter. The legislation sought to assuage the difficulties in the board by cutting its numbers by more than half, to 20 members by the year 2012. It also restructured the role of the President of the United States in making board appointments. In the past, the president appointed the chair and eight board members, typically cabinet secretaries who rarely attended meetings. Under the legislation, the board nominates a chair for approval and appointment by the president. All other presidential appointments to the board were abolished. An independent ombudsman position was created to take charge of annually reporting to Congress as well as assisting whistle-blowers should agency misconduct be reported.

The American Red Cross updated its Code of Business Ethics and Conduct in January 2007. All employees and volunteers are required to read and sign the two-page document. The ARC offers a 24-hour, confidential, anonymous hotline, the "Concern Connection Line," that provides American Red Cross staff, volunteers, and members of the public a way to report concerns or ask questions regarding potentially illegal, unsafe, or unethical conduct. The ARC also published an eight-page "Ethics Rules and Policies" statement that outlines how business funds, property, and time may be allocated, as well as addressing conflicts of interest, recordkeeping, and how to handle media inquiries.

> "The ARC offers a 24-hour, confidential, anonymous hotline, the "Concern Connection Line."

SEPTEMBER 11, 2001

Slow Response

The ARC was widely criticized for its response to the September 11th attacks on New York City's World Trade Center. The criticisms began the day of the incident, when the Pentagon called the office of Red Cross President Bernadine Healy at noon to ask, "Where the hell are you guys? Where is the Red Cross?" For more than a day afterward, the Virginia-based command center known as the Disaster Operations Center (DOC) failed to activate the specialized teams normally sent out after a plane crash or similar disaster. The trouble did not stop there. In the days and weeks following the attacks, the ARC was criticized for its management of financial donations.

Monetary Donation Mismanagement

Monetary donations poured in at an unprecedented rate after September 11th. Healy set up a separate fund, the Liberty Fund, for donations earmarked for victims. By the end of October, the fund had received $543 million in pledges. It had, however, distributed less