Board of Trustees
Information
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Northwestern Michigan College
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Over the last decade or two, there has been increasing interest in the composition, conduct, and decision-making of nonprofit governing boards. The board-staff relationship has been at the center of the discussion, but trustee characteristics, board role in planning and evaluation, committee involvement, fiduciary responsibility, legal liability, and other topics have received their share of attention. Nonprofit boards are not alone, for spirited debate about the nature of business boards has been growing as well. Whatever the reasons for this intense interest in governance, the Policy Governance model for board leadership, created by the senior author, is frequently a primary focus of debate.

The Nature of Governance and the Need for Theory

The Policy Governance model is, at the same time, the most well-known modern theory of governance worldwide and in many cases the least understood. It applies to governing boards of all types—nonprofit, governmental, and business—and in all settings, for it is assembled from universal principles of governance. In this article, we will focus exclusively on its use in nonprofit boards, though many descriptions of its application in business (for example, Carver, 2000a, 2000c) and government (for example, Carver, 1996a, 1997d, 2000b, 2001; Carver and Oliver, 2002) are available elsewhere.

Governing boards have been known in one form or another for centuries. Yet throughout those many years there has been a baffling failure to develop a coherent or universally applicable understanding of just what a board is for. While comparatively little thought has been given to developing governance theory and models, we have seen management of nonprofit organizations transform itself over and over again. Managers have moved through PERT, CPM, MBO, TQM, and many more approaches in a continual effort to improve effectiveness. Embarrassingly, however, boards do largely what they have always done.

We do not intend to demean the intent, energy, and commitment of board members. There are today many large and well known organizations that exist only because a dedicated group of activists served as both board and staff when the organization was a "kitchen table" enterprise. Board members are usually intelligent and experienced persons as individuals. Yet boards, as groups, are mediocre. "Effective governance by a board of trustees is a relatively rare and unnatural act . . . . trustees are often little more than high-powered, well-intentioned people engaged in low-level activities" (Chait, Holland, and Taylor, 1996, p. 1). "There is one thing all boards have in common . . . . They do not function" (Drucker, 1974, p. 628). "Ninety-five percent (of boards) are not fully doing what they are legally, morally, and ethically supposed to do" (Geneen, 1984, p.28). "Boards have been largely irrelevant throughout most of the twentieth century" (Gillies, 1992, p. 3). Boards tend to be, in fact, incompetent groups of competent individuals.

An extraterrestrial observer of board behavior could be forgiven for concluding that boards exist for several questionable reasons. They seem to exist to help the staff, to lend their prestige to organizations, to rubber stamp management desires, to give board members an opportunity to be unappointed department heads, to be sure staffs get the funds they want, to micromanage organizations, to protect lower staff from management, and sometimes even to gain some advantage for board members as special customers of their organizations, or to give board members a prestigious addition to their resumes.
But these observations—accurate though they frequently are—simply underscore the disclarity of the board’s rightful job. Despite the confusion of past and current board practices, we begin in this article with the assertion that there is one central reason to have a board: Simply put, the board exists (usually on someone else’s behalf) to be accountable that its organization works. The board is where all authority resides until some is given away (delegated) to others. This simple total authority-total accountability (within the law or other external authorities) is true of all boards that truly have governing authority.

The Policy Governance model begins with this assertion, then proceeds to develop other universally applicable principles. The model does not propose a particular structure. A board’s composition, history, and peculiar circumstances will dictate different structural arrangements even when using the same principles. Policy Governance is a system of such principles, designed to be internally consistent, externally applicable, and—to the great relief of those concerned with governance integrity—logical. Logical and consistent principles demand major changes in governance as we know it, because these principles are applied to subject matter that has for many years been characterized by a hodgepodge of practices, whims of individuals, and capricious decision making.

Such a change is a paradigm shift, not merely a set of incremental improvements to the status quo. Paradigm shifts are difficult to cope with, since they often render previous experience unhelpful; they demand a significant level of discipline to be put into effect. But if there is sufficient discipline to use the Policy Governance model in its entirety, board leadership and the accountability of organizations can be transformed.

It is important that we underscore this point. Using parts of a system can result in inadequate or even undesirable performance. It is rather like removing a few components from a watch, yet expecting it still to keep accurate time. Unlike the traditional practices to which boards have become accustomed, the Policy Governance model introduces an integrated system of governance (Carver and Carver, 1996; Carver, 1997).

Greater effectiveness in the governing role requires board members first to understand governance in a new way, then to be disciplined enough to behave in a new way. Boards cannot excel if they maintain only the discipline of the past any more than managers of this new century can excel if they are only as competent as those of the past. Does this ask too much of boards? Perhaps it does ask too much of many of today’s board members. Yet there are other board members—or potential board members who thus far have refused to engage in either the rubber-stamping or the micromanaging they see on boards—who would rejoice in greater board discipline.

The Policy Governance model requires that boards become far more enlightened and more competent as groups than they have been. If that means losing some board members as the composition of boards goes through change, then the world will be the better for it. The Policy Governance model is not designed to please today’s board members or today’s managers. It is designed to give organizations’ true owners competent servant-leaders to govern on their behalf.

**Board as Owner-Representative and Servant-Leader**

In the business sector, we can easily see that a board of directors is the voice of the owners (shareholders) of the corporation. It is not always apparent that nonprofit organizations also have owners. Certain nonprofits, such as trade associations or professional societies, are clearly owned by their members. Beyond such obvious cases of ownership, however, it is useful to conceive that community-based agencies in the social services, health, education, and other fields are “owned” by their communities. In neither trade associations nor community agencies is there a legal equivalent of shareholders, but there is a moral equivalent that we will refer to as the “ownership.” Looking at ownership in this very basic way, it is hard to conceive of any organization that isn’t owned by someone or some population, at least in this moral sense.

The Policy Governance model conceives of the governing board as being the on-site voice of that ownership. Just as the corporate board exists to speak for the shareholders, the nonprofit board exists to represent and to speak for the interests of the owners.
A board that is committed to representing the interests of the owners will not allow itself to make decisions based on the best interests of those who are not the owners. Hence, boards with a sense of their legitimate ownership relationship can no longer act as if their job is to represent staff, or other agencies, or even today's consumers (we will use that word to describe clients, students, patients, or any group to be impacted). It is possible that these groups are not part of the ownership at all, but if they are, it is very likely they constitute only a small percentage of the total ownership.

We are not saying that current consumers are unimportant, nor that staff are unimportant. They are critically important, just as suppliers, customers, and personnel are for a business. It is simply that those roles do not qualify them as owners. They are due their appropriate treatment. To help in their service to the ownership, Policy Governance boards must learn to distinguish between owners and customers, for the interests of each are different. It is on behalf of owners that the board chooses what groups will be the customers of the future. The responsible board does not make that choice on behalf of staff, today's customers, or even its own special interests.

Who are the owners of a nonprofit organization? For a membership organization, its members are the owners. For an advocacy organization, persons of similar political, religious, or philosophical conviction are the owners. There are many variations. But for purposes of this paper, we will assume a community organization, such as a hospital, mental health or family service agency, for which we can confidently say that the community as a whole is the legitimate ownership. In this case, it is clear that in a community organization, the board must be in a position to understand the various views held in the community about the purpose of the organization. In short, if the community owns the organization, what does the community want the organization for?

Traditionally, boards have developed their relationships largely inside the organization—that is, with staff. Policy Governance demands that boards' primary relationships be outside the organization—that is, with owners. This parallels the concept of servant leadership developed by Greenleaf (1977, 1991), in that the board is first servant, before it is leader. It must lead the organization subject to its discoveries about and judgments of the values of the ownership.

We have thus far referred repeatedly to the board and very little to board members; that is intentional. Since we are now establishing the starting point for governance thinking, it is important that we start with the body charged with authority and accountability—the board as a group, not individual board members. It is the board as a body that speaks for the ownership, not each board member except as he or she contributes to the final board product. So while we might derive roles and responsibilities for individual board members, we must derive them from the roles and responsibilities of the board as a group, not the other way around. Hence, board practices must recognize that it is the board, not board members, who have authority.

The board speaks authoritatively when it passes an official motion at a properly constituted meeting. Statements by board members have no authority. In other words, the board speaks with one voice or not at all. The "one voice" principle makes it possible to know what the board has said, and what it has not said. This is important when the board gives instructions to one or more subordinates. "One voice" does not require unanimous votes. But it does require all board members, even those who lost the vote, to respect the decision that was made. Board decisions can be changed by the board, but never by board members.

**The Necessity for Systematic Delegation**

On behalf of the ownership, the board has total authority over the organization and total accountability for the organization. But the board is almost always forced to rely on others to carry out the work, that is, to exercise most of the authority and to fulfill most of the accountability. This dependence on others requires the board to give careful attention to the principles of sound delegation.

Since the board is accountable that the organization works, and since the actual running of the organization is substantially in the hands of management, then it is important to the board that management be successful. The board must therefore increase the likelihood that management will be successful, while making it possible to recognize whether or not it really is successful. This calls upon the board to be very clear about its expectations, to personalize the assignment of those expectations, and then to check whether the expectations
have been met. Only in this way is everyone concerned clear about what constitutes success and who has what role in achieving it.

At this point, we wish to introduce the chief executive (CEO) role. (Policy Governance works in the absence of a CEO role, but the governing job is more difficult than with a CEO.) We are not concerned whether the CEO is called executive director, director-general, president, general manager, superintendent, or any other title. We are, however, concerned how the role is defined and we will use the term "CEO" to reflect the role definition we recommend.

We recommend that the board use a single point of delegation and hold this position accountable for meeting all the board's expectations for organizational performance. Naturally, it is essential that the board delegate to this position all the authority that such extensive accountability deserves. The use of a CEO position considerably simplifies the board's job. Using a CEO, the board can express its expectations for the entire organization without having to work out any of the internal, often complex, divisions of labor. Therefore, all the authority granted by the board to the organization is actually granted personally to the CEO. All the accountability of the organization to meet board expectations is charged personally to the CEO. The board, in effect, has one employee.

It is important that boards maintain a sense of cause and effect with respect to their CEOs. The board creates the CEO; the CEO does not create the board. As the board contemplates its accountability to the ownership, it decides that creating a CEO role will be a key method in fulfilling that accountability. It is true that a founding father or mother will sometimes be the inspiration for a new organization, so that the board then created occurs after rather than before the founder. If the founder becomes the new CEO, it will seem that the CEO is parent to the board. Boards established in this way make a grave error when they mistake an accident of history for a proper view of their accountability. The CEO role, as such, is even in these cases created and governed by the board (see Carver, 1992).

Consequently, in every case, the board is totally accountable for the organization and has, therefore, total authority over it—including over the CEO. We can say that the board is accountable for what the CEO's job is and that the CEO do the job well. But we cannot say the CEO is accountable for what the board's job is and that the board do its job well. Unfortunately, much of current nonprofit practice supports this board-staff inversion. CEOs are expected to tell their boards what to talk about (provide agendas), to pull their boards together when there is dissension, and to orient new board members to their job. Nowhere else in an organization are subordinates responsible for the conduct of the superiors. Yet virtually all nonprofit literature on governance falls into this fallacy of CEO-centrism. "Thus, we argue, the board's performance becomes the executive's responsibility," say Herman and Heimovics (1991, p. xiii), a position we contend excuses and prolongs board irresponsibility.

We have said being accountable in leadership of the organization requires the board (1) to be definite about its performance expectations, (2) to assign these expectations clearly, and then (3) to check to see that the expectations are being met. Traditional governance practices lead boards to fail in most or all of these three key steps.

Board expectations—which are instructions—when they are stated at all, tend to be unclear, incomplete, or a mixture of whole board and individual board member expressions. Board members form judgments of staff performance on criteria the board (as a whole body) has never stated. Regular financial reports report against few or no criteria. Staff members can be seen taking notes of what individual board members say, as if it matters and as if they work for the board members rather than the CEO. Boards decide whether CEO's budgets merit approval when they have never stated the grounds for approval and disapproval. Virtually every board meeting—other than in Policy Governance boards—is testimony to carelessness of delegation and role clarity.

Traditional governance allows boards to instruct staff by the act of approving staff plans, such as budgets and program designs. When the board has approved a staff recommendation, doesn't the resulting approved document become a clear board instruction? Actually, it does not. For example, when a board approves the CEO's personnel policies or budget, does it really mean as an instruction every tiny segment of that document? Does every budget line and the smallest issues of a program plan become a criterion on which the CEO will be
judged? Certainly not. Even the most micromanaging board does not go that far. But to what level of detail should the CEO treat the approved document as being a board instruction, therefore a criterion for evaluation? The tradition-blessed habit of board approvals is a poor substitute for setting criteria, then checking that they have been met. Board approvals are not proper governance, but commonplace examples of boards not doing their jobs.

What about the clear assignment of expectations to a person or persons? In conventional practice, boards’ delegation to a CEO is frequently compromised by delegating the same responsibilities more than once or by delegating to around the CEO to sub-CEO staff. An example of the former is when a board charges the CEO and a board finance committee for financial decisions. Delegating around the CEO occurs either when a board gives instructions to the financial officer or other person who reports to the CEO or when a board itself judges the performance of sub-CEO staff.

Finally, in the absence of clear instructions or clear assignment, evaluating performance is an exercise in futility. Yet boards receive volumes of information that purports to monitor organizational performance. The sheer amount of information masks the fact that proper monitoring is still not occurring. Because monitoring performance is the systematic disclosure of whether board expectations have been met, monitoring that is fair and incisive can only occur after clearly stated and clearly assigned board expectations.

**Using the Ends/Means Distinction**

The point was made earlier in this paper that the board is accountable that the organization works. Clearly, the word "works" must be defined; defining it establishes the board's expectations for the organization, the performance that will constitute success. The board need not control everything, but it must control the definition of success. It is possible to control too much, just as it is possible to control too little. It is possible to think you are in control when you are not. The zeal of a conscientious board can lead to micromanagement. The confidence of a trusting board can lead to rubber stamping. Defining success is a matter of controlling for success, not for everything. How can a board control all it must, rather than all it can?

Boards have had a very hard time knowing what to control and how to control it. Policy Governance provides a key conceptual distinction that enables the board to resolve this quandary. The task is to demand organizational achievement in a way that empowers the staff, leaving to their creativity and innovation as much latitude as possible. This is a question of what and how to control, but it is equally a question of how much authority can be safely given away. We argue that the best guide for the board is to give away as much as possible, short of jeopardizing its own accountability for the total.

What is there to control? In any organization, there are uncountable numbers of issues, practices, and circumstances being decided daily by someone. The Policy Governance model posits that all of these decisions can be classified as those that define organizational purpose, and those that don’t. But the model calls for a very narrow and careful definition of purpose: it consists of what (1) results for which (2) recipients at what (3) worth.

Let us define these more fully: Some decisions directly describe the intended consumer results of the organization, for example, reading skills, family harmony, knowledge, or shelter from the elements. Some decisions directly describe the intended recipients of such results, such as adolescents, persons with severe burns, or low income families. Some describe the worth of the intended results, such as in dollar cost or priority against other results.

In Policy Governance, this triad of decisions is called "ends." Ends are always about the changes for persons to be made outside the organization, along with their cost or priority. Ends never describe the organization itself or its activities. For example, the professional and technical activities in which the organization engages are not ends. In a school, for example, which students should acquire what knowledge at what cost are ends issues. Ends are about the organization's impact on the world (much like cost-benefit) that justify its existence.

Any decision that is not an ends decision is a "means" decision. In that same school, the choice of reading program, teachers' credentials, and classroom arrangement are means issues. Most decisions in an
organization are means decisions; some are very important means. But even if a decision is extremely important, even if it is required by law, even if it is critical to survival, unless it passes the ends test (designation of consumer results, which consumers, or the worth of consumer results), it is not an ends decision. Hence, means include personnel matters, financial planning, purchasing, programs, services and curricula, and even governance itself. No organization was ever formed so it could be well governed, have good personnel policies, a fine budget, sound purchasing practices, or even nicely planned services, programs or curricula.

The ends/means distinction is critical. Many boards claiming to use the model routinely confuse the Policy Governance meaning of ends and means, thereby sacrificing much of the benefit the model can give. For example, means is not synonymous with "administration" as some have misinterpreted (Herman and Heimovics, 1991, p. 44). Ends is not synonymous with "strategic plan," as others have misinterpreted (Murray, 1994). The ends/means distinction is not comparable to any other distinction used in management or governance; it is not parallel to policies/procedures, strategies/tactics, policy/administration, or goals/objectives. Indeed, ends may include very small and specific decisions about a single consumer, while means may include very important programmatic decisions as well as how a board constructs its committees. The ends/means distinction is exclusively peculiar to Policy Governance (with the possible exception of Argenti, 1993) and, therefore, is governed by Policy Governance principles. In Policy Governance, means are means simply because they are not ends.

Are ends the same as mission? Unfortunately, the answer is usually "no," because mission statements have not traditionally had to conform to the definition we have given ends. Consider the following mission statement of a mental health center: "The mission of the XYZ Center is to be a responsible employer, providing quality mental health services in a cost-efficient manner." This statement—quite acceptable in traditional governance—is entirely means, no ends. This organization can fulfill its mission even if consumers' lives are not any better. In contrast, consider this broad statement of ends: "The XYZ Center exists so that people with major mental illness live productive lives in an accepting community at a cost comparable to other providers." In the latter, unless the targeted group are benefited in the required way, the organization is not successful, no matter how good an employer it is and no matter how much "quality" its services have. Notice that the cost component in the first statement is the cost of staff activity (services), while in the second statement it is the cost of consumer results.

No matter how central ends are to the organization's existence, however, because the board is accountable for everything, it is accountable for means as well. Accordingly, it must exercise control over both ends and means, so having the ends/means distinction does not in itself relieve boards from any responsibility. The ends/means distinction does, however, make possible two entirely different ways of exercising control, ways that—taken together—allow the board to have its arms responsibly around the organization without its fingers irresponsibly in it, ways that for the staff maximize accountability and freedom simultaneously. The board simply makes decisions about ends and means—that is, it controls the organization's ends and means—in different ways, as follows:

a. Using input from the owners, staff, experts and anyone in a position to increase the board's wisdom, the board makes ends decisions in a proactive, positive, prescriptive way. We will call the board documents thus produced "Ends policies."

b. Using input from whoever can increase board wisdom about governance, servant leadership, visioning, or other skills of governance and delegation, the board makes means decision about its own job in a proactive, positive, prescriptive way. We will call the board documents thus produced "Governance Process policies" (about the board's own job) and "Board-Staff Linkage policies" (about the relationship between governance and management). Both of these categories are means, but they concern means of the board, not the staff.

c. Using input from whoever can increase its sense of what can jeopardize the prudent and ethical conduct of the organization, the board makes decisions about the staff's means in a proactive, but negative and boundary-setting way. Because these policies set forth the limits of acceptable staff behavior, that is, the unacceptable means, we will call the board documents thus produced "Executive Limitations policies."

At this point in our argument, we have used the ends/means concept to introduce new categories of board policies. These categories of board policies are exhaustive, that is, no other board documents are needed to
govern except bylaws. (Articles of incorporation or letters patent are required to establish the nonprofit as a legal entity, but these are documents of the government, not the board.) We will not discuss bylaws here, except to say they are necessary to place real human beings (board members) into a hollow legal concept (the corporate "artificial person") (Carver, 1995). However, so that we might continue to discuss the concepts represented by the words "ends" and "means," yet distinguish the titles of policy categories, we will capitalize Ends, Executive Limitations, Governance Process, and Board-Staff Linkage.

The negative policies about operational means requires further discussion. Here is the logic: If the board has established Ends and has determined through monitoring that those Ends are actually accomplished, it can be argued that the staff means must have worked. In other words, the means by which Ends were accomplished, though interesting, is of little importance to the board. This logic is largely accurate, but there is an important problem with it. Some means can be unacceptable even if they do work. Means that are effective, but still "unacceptable" are ones that are improper treatment of people or assets, that is, means that are imprudent or unethical. Consequently, although there is no reason for a board to control staff means decisions for reasons of effectiveness, there is reason to control staff means for reasons of prudence and ethics.

Whoever is directly responsible for producing ends must decide which means to use. That is, one must be prescriptive about one's own means. But the board is not charged with producing ends, only with defining them. It is to the board's advantage to allow the staff maximum range of decision-making about means, for skill to do so is exactly why staff were employed. If the board determines the means of its staff, it can no longer hold the staff fully accountable for whether ends are achieved, it will not take advantage of the range of staff skills, and it will make its own job more difficult. Happily, it is not necessary for the board to tell the staff what means to use. In Policy Governance the board tells the staff or—more accurately—the CEO what means not to use!

Therefore, it is the board's job to examine its values to determine those means which it does not want in its organization, then to name them. The board can then tell its CEO that as long as the Ends are accomplished and the unacceptable means do not occur, the CEO can make all further decisions in the organization that he or she deems wise. It is in this way that extensive, albeit explicitly circumscribed, authority is granted to the CEO. Effectiveness demands a strong CEO; prudence and accountability to the board demand that the CEO's power be bounded.

This unique delegation technique has a number of advantages. First, it recognizes that board interference in operational means makes ends harder and more expensive to produce. Therefore, delegation which minimizes such interference is in the board's interest. Second, it accords to the CEO as much authority as the board can responsibly grant. Therefore, there is maximum empowerment inside the organization to harness for ends achievement. Third, it gives room for managerial flexibility, creativity and timeliness. Therefore, the organization can be agile, able to respond quickly to emergent opportunities or threats. Fourth, it dispels the assumption that the board knows better than the staff what means to use. Therefore, the board does not have to choose between overwork and being amateurs supervising professionals. Fifth, in this system all means that are not prohibited are, in effect, pre-approved. Therefore, the board is relieved from meticulous and repetitive approval of staff plans. Sixth, and perhaps most importantly, by staying out of means decisions, except to prohibit unacceptable means, the board retains its ability to hold the CEO accountable for the decisions that take place in the system.

Thus, when we say a board is responsible that its organization works, we simply mean that the organization (1) accomplishes the intended results for the intended people at the intended cost or priority—expressed in the board's Ends policies; and that it (2) avoids unacceptable methods, conduct, activities, and circumstances—unacceptable means expressed in the board's Executive Limitations policies.

Expressing Expectations in Nested Sets

We have established that Policy Governance boards express their expectations for themselves and for their organizations in four categories of board policies: Ends, Executive Limitations (the unacceptable means), Governance Process, and Board-Staff Linkage (the latter two are board means divided into two parts). The separation of organizational values into these categories is a major organizing principle for governing boards. These four categories completely embrace all possible organizational values (except those more pertinent to
To ensure precision as well as completeness in policy-making, Policy Governance provides an additional principle, one which recognizes the varying sizes of issues and values. One Ends statement of a nonprofit board may be that persons without shelter should have adequate housing. Another may be that families with school age children should have housing that allows children of different genders to sleep in separate rooms. It is easy to see that the second example is more detailed, or "narrower," than the first. Notice that these two statements can be pictured as a set of nested bowls, in that the first is a broader value that includes the second one within it. Even more detailed choices exist within the second level, and so on to third, fourth, and more bowls until the specificity reaches a level where Mr. Smith rather than Mr. Jones gets a particular amount of shelter next week.

Now let's illustrate the "nested bowls" concept with an example of unacceptable means. One means value of a nonprofit board may be that the CEO not allow anything imprudent, illegal or unethical. Another may be that unbonded persons may not have access to material amounts of funds. The first example is a broader prohibition than the second, but less specific. Even more detailed "bowls" exist, of course, such as a further proscription against access to more than $5,000 on any one occasion or more than $8,000 cumulatively over a one year period.

Board values about ends and unacceptable means, as well as the board's own means, then, can be stated broadly, or more narrowly. The advantage of stating values broadly is that such a statement is inclusive of all smaller statements. The disadvantage, of course, is that the broader the statement, the greater is the range of interpretation that can be given to it. To take advantage of the fact that values or choices of any sort can be seen as nested sets, the Policy Governance board begins its policy making in all four categories by making the broadest, most inclusive statement first.

The board then considers the range of interpretation that such a statement allows, and determines whether it is comfortable with the statement being given any interpretation that is reasonable. If the board would be uncomfortable delegating such a range, that is a signal that the board must define its words more narrowly, moving into more detail one level at a time. At some point, the board will have narrowed its words to the point that it can accept any reasonable interpretation of those words. Now the board has reached the point of delegation.

As an example, consider an Executive Limitations policy in which the board is putting certain financial conditions and activities "off limits." At the broadest level, the board might say: "With respect to actual, ongoing financial condition and activities, the CEO shall not allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies." That covers the board's concerns about the organization's current financial condition at any one time, for there is likely nothing else to worry about that isn't included within this "large bowl" proscription.

However, most boards would think such a broad statement leaves more to CEO interpretation—even if reasonable interpretation—than the board wishes to delegate. Hence, the board might add further details, such as saying the CEO shall not: (1) Expend more funds than have been received in the fiscal year to date except through acceptable debt. (2) Indebt the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 60 days, but in no event more than $200,000. (3) Use any of the long term reserves. (4) Conduct interfund shifting in amounts greater than can be restored to a condition of discrete fund balances by unencumbered revenues within 30 days. (5) Fail to settle payroll and debts in a timely manner. (6) Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed. (7) Make a single purchase or commitment of greater than $100,000, with no splitting of orders to avoid this limit. (8) Acquire, encumber or dispose of real property. And (9) Fail to aggressively pursue receivables after a reasonable grace period.

A given board might go into less or more detail than in this example. But in any case, these principles stay intact: The language moves from a broad level toward a lesser level (we showed two levels in the example just given). The values that become policy are generated by the board's deliberations, not approved from a staff recommendation. The board, not the staff, decides what to say and where to stop. No matter where the board
stops, the CEO is granted authority to use any reasonable interpretation of the board's words. The board can shrink, expand, or change the content of the policy at any time, as long as it does not judge performance retroactively.

This view of organizational issues—as values that can be specified moving methodically from the broadest to more narrow levels—allows the board to manage the amount delegated. The board is always clear about the authority being given away. The recipient of the board's delegation is always clear about the amount of accountability expected in return. There is a continuum of sizes of issues upon which, in Policy Governance, the board owns the broadest level, then successively smaller levels until it decides to delegate, after which it is safe to allow the remaining decisions to be made by others.

It is often observed by other governance authors that the distinction between what is board work and what is executive work is a naïve distinction. There is no universal rule, they contend, to mark where board policy stops and administration begins. Indeed, they are right as far as traditional governance is concerned, for the conventional approach to the board job is unable to make a policy-administration distinction that holds up in the real world. Policy Governance, however, introduces entirely different, more powerful conceptual tools—rigorous “one voice” clarity of delegation using descending levels of board control within the ends/means context. Even though there is still no predetermined or fixed point where board work automatically becomes executive work, each board using the principles we are describing can establish and, when necessary change, a distinct point of delegation applicable to its own organization. It is at that point, by the values of that board, for that organization, for that time, that governance stops and “sub-governance” begins.

To summarize the policy development sequence, Policy Governance boards develop policies which describe their values about Ends, Executive Limitations, Governance Process, and Board-Staff Linkage. Each policy type is developed from the broadest, most inclusive level to more defined levels, continuing into more detail until the board reaches the point at which it can accept any reasonable interpretation of its words from its delegatee. A step-by-step guide to such development of policy documents is available (Carver and Carver, 1997). Ends and Executive Limitations are delegated to the CEO, who is held accountable by the board for accomplishing any reasonable interpretation of the boards expectations in these areas. Governance Process and Board-Staff Linkage policies are delegated to the board Chair, who is given the authority to ensure that the board governs in accordance with its own expectations of itself, using any reasonable interpretation of the policy language.

**Board Discipline, Mechanics, and Structure**

It is clear that the Policy Governance model requires a board to govern in an organized, planned and highly disciplined manner. Boards which are accustomed to talking about issues simply because they interest individual board members will find agenda discipline to be a major challenge, as will boards that rely on their staffs to supply their agendas. Not everything is appropriate for board discussion just because it is interesting or even because the staff wants the board to make the decision. Matters that have been delegated to the CEO should not be decided by the board or by board committees, for in making such decisions, the board renders itself unable to hold the CEO accountable.

Policy Governance boards know that their job must result in the production of three deliverables. (1) The first deliverable is a systematic linkage between the organization and the ownership. This is not public relations. The board connects with the ownership in order to ascertain the range of ownership values about the purpose of the organization. If the board is to make Ends decisions on behalf of the owners, it must know what the owners in all their diversity think. (2) The second deliverable is written governing policies in the four areas, using the principles we have described. (3) The third deliverable is the assurance of organizational performance, that is, performance which can be shown to be a reasonable interpretation of the board's Ends and Executive Limitations policies.

We use “deliverables” to mean job products, outputs, or values-added. Since these summarize the purpose for the board's job, producing these deliverables is what board meetings are for. In fact, the list of job outputs can be considered to be a perpetual job description, for every agenda is an instance of the board's working to perform its job. A board can decide how much, in what detail, and at what level of excellence it will pursue its
safely be turned down, the clarity of board advice, can be rejected. If staff has any doubt for the board, board committees, or individual board members to give advice to staff. But advice, if it is really practice can have Advice is a concept often carelessly used in nonprofit boards. This seemingly innocuous and well board member instruction.

to hold the CEO accountable, for the CEO can argue that his or her actions were taken in compliance with a member interference in operations. Such interference, even when well Chair between the board and the CEO. So it is common for boards to underestimate the amount of board Typical nonprofit boards have a myriad of traditions that violate members or board committees exercise authority over staff, any function of staff, or any department of staff. In keeping with the "one v 

committee, see Carver (1991, 1996b). Treasurers, when a Policy Governance board is required by law to have one, is to assist the board in making accountability as well as the one voice principle. Treasurers are typically expected to exercise individual judgment about the financial dealings of the organization. But Policy Governance boards do not allow Treasurers to exercise authority over staff. (Rendering an official judgment of performance against one's own individual criteria has the same effect as exercising authority.) By creating a role with supervisory authority over the CEO with respect to financial management, the board cannot then hold the CEO accountable for that topic. The board should accept responsibility for financial governance (setting policy, then comparing performance) and require the CEO to be accountable for managing finances so that performance compares favorably to policy. The typical use of a Treasurer, when a Policy Governance board is required by law to have one, is to assist the board in making financial policy, need for the Chair to have authority over the CEO. Only the board has authority over staff operations, and it exercises that authority through carefully crafted policies. It is not only unnecessary, but harmful for the Chair to tell the CEO what the board wants, for the board speaks for itself. Consequently, both the Chair and the CEO work for the board as a whole, but their roles do not overlap because they are given authority in different domains. The Chair's job is to see to it that the board gets its job done—as described in Governance Process and Board-Staff Linkage policies. The CEO's job is to see to it that the staff organization gets its job done—as described in Ends and Executive Limitations policies.

It is usual for nonprofit boards to expect the Chair to supervise the CEO, but in Policy Governance there is no need for the Chair to have authority over the CEO. Only the board has authority over staff operations, and it exercises that authority through carefully crafted policies. It is not only unnecessary, but harmful for the Chair to tell the CEO what the board wants, for the board speaks for itself. Consequently, both the Chair and the CEO work for the board as a whole, but their roles do not overlap because they are given authority in different domains. The Chair's job is to see to it that the board gets its job done—as described in Governance Process and Board-Staff Linkage policies. The CEO's job is to see to it that the staff organization gets its job done—as described in Ends and Executive Limitations policies.

Board Treasurers, as commonly used, threaten CEO accountability as well as the one voice principle. This principle, such as placing the Chair between the board and the CEO. So it is common for boards to underestimate the amount of board member interference in operations. Such interference, even when well-intended, undermines the board's ability to hold the CEO accountable, for the CEO can argue that his or her actions were taken in compliance with a board member instruction.

Advice is a concept often carelessly used in nonprofit boards. This seemingly innocuous and well-intended practice can have the same deleterious effect as direct instruction by individuals or committees. It is common for the board, board committees, or individual board members to give advice to staff. But advice, if it is really advice, can be rejected. If staff has any doubt that advice given by the board or one of its components cannot safely be turned down, the clarity of board-to-staff delegation will be undermined. Policy Governance boards
refrain from giving advice or allowing their members to give advice unless advice is requested. This protects the board's ability to hold the CEO accountable for his or her own decisions. The CEO and any of the staff can request advice if they need it, and they can request it from wherever they wish.

Traditional boards frequently create committees to assist or advise the CEO or staff, such as committees on personnel, finance, program, property maintenance, and other such staff means issues. In Policy Governance, such committees are illegitimate. They constitute interference in the CEO's sphere of authority and accountability, and damage the board's ability to hold the CEO accountable.

If, for example, the staff wishes to have an advisory committee, it is perfectly free to create one, then to use the advice or not as it deems wise. If, however, the board controls the mechanism of advice, a very different relationship between advisors and advisees is established. The wisest route is for the board to govern and leave advice and advisory mechanisms to the staff's own initiative. This way the staff gets all the advice it needs, role clarity and accountability are maintained, and board members are frequently spared unnecessary work.

Policy Governance boards use committees only to help the board to do its own job. Hence, a committee which explores methods of ownership consultation about Ends options is legitimate, as is a committee that studies possible sources of fiscal jeopardy that the board might address in an Executive Limitations policy. But a human resources committee that advises on or intervenes in personnel issues is not. To request advice or assistance with one's own job is acceptable and does not compromise accountability, but to foist help or advice on subordinates is not only unnecessary but destructive of accountability as well.

Policy Governance takes seriously the normally rhetorical assertion that boards be visionary and provide long term leadership. The discipline required for this challenge cannot be overstated. In fact, Policy Governance has been criticized as a "heroic board" model that is romantically idealistic! Yet boards do, in fact, have a critical job to do; no amount of helping staff can substitute for getting its own job done. Boards must persevere with the arduous, complex task of describing purpose and ethics/prudence boundaries. Forming those values into clear policies is far harder than telling the staff how to do its job. Speaking proactively for the ownership requires strong commitment not to take reactive refuge in rituals, reports, and approvals.

This requires board member expertise relevant to governance, not management. Board members should no longer be recruited based on their having skills that mirror the skills of staff. Governance excellence requires members who can think conceptually and with a long term perspective, able to welcome a diversity of opinions but abide by group decisions. They must be able to speak on behalf of the ownership rather than merely from their own or some splinter group perspective. They must place organizational accountability above personal gratification. They must be able to view the board's task of assuring performance at arm's length—through setting expectations (using the ends/means principle and values viewed as descending "bowls"), delegating pointedly (to a CEO if possible), and monitoring. And it is to the function of monitoring or evaluation that we turn now.

**Evaluation**

Evaluation of performance is not extraneous to the board's job. It is as integral to the board's job as it is to any manager's. But, as we have shown, proper evaluation is impossible unless the board has first stated its expectations and assigned them to a specific delegatee. That is, evaluation of staff performance cannot occur appropriately unless the board has done its job first.

Moreover, if the board has a CEO, the results of proper evaluation of organizational success is the only fair evaluation of CEO performance. Since the CEO's job is to see to it that the organization meets the board's expectations, there is nothing more and nothing less to evaluate when assessing the CEO. Thus, the board's evaluation of organizational performance is the same as board evaluation of CEO performance (Carver, 1997a). Monitoring the evaluative data, as we shall see, is an ongoing activity—perhaps as frequently as monthly—and the board may wish to have a formal evaluation of the CEO once each year. However, the CEO's formal evaluation is only a summary of the accumulated monitoring data, not something in addition.
But let us consider the monitoring or evaluative information itself. Not all information is useful in monitoring performance. There are two types of information that are useful for other purposes, but not for monitoring: one is information for board decisions, the other is information simply to satisfy board members’ casual interest. To examine evaluation or monitoring, we must first separate out these two types of information, for they do not qualify as monitoring against pre-established criteria.

First, information for board decisions is needed in order for the board to make wise policy in the first place. To create policies that are both realistic and demanding, boards require information from a variety of sources. These sources include staff, owners, experts, associations to which the board may belong, and others. This information is required for the board’s own decision-making and does not judge staff accomplishment. Boards should invest a great deal of energy in gathering wisdom, spending perhaps half their time in becoming educated. So information for board decisions is essential for board performance, but not for monitoring staff performance.

Second, information for board interest is information about the organization or its environment that is not useful for board decision-making, but is of political, social, or technical interest to board members. This information does not include data that directly measure the degree of staff performance on board expectations, for that would qualify it to be called true monitoring information. This kind of information is incidental to the board’s job of monitoring, but comprises most of what most traditional boards receive. There is nothing wrong with boards getting all the incidental information they want, but there is something very wrong with the delusion that they are at that time doing their job. In traditional governance, most staff reports, including most financial reports and reports that purport to be “evaluation” are incidental information simply because they are not data compared with previously stated board criteria.

Monitoring or evaluative information must speak directly to whether board expectations are being fulfilled. Consequently, it is always related to expectations set by the board in its Ends and Executive Limitations policies. This discipline not only makes it unnecessary for the board to trudge through the mountains of data staff are able to assemble, but it keeps evaluation fair. After all, it is only right that the CEO should know ahead of time the criteria on which he or she will be judged. Since monitoring information is only that information that describes actual performance compared to expected performance, it is evident that most reports collected, examined and approved by traditional boards constitute interesting information, but cannot be said to be effective monitoring reports. For example, boards that gravely approve (or accept) financial statements thinking they have thereby exercised fiduciary responsibility are simply engaging in a meaningless ritual, for without criteria they don’t even know what in those reports would have been disapprovable.

When monitoring is defined as we have done here, reports tend to be straightforward and transparent. Each board member can follow the link from board criteria to management data, for the report is not cluttered with incidental information. Monitoring is not nearly as difficult or time-consuming when boards know what performance they are expecting to see proven. Monitoring is thus more exact and, simultaneously, requires negligible board meeting time. In fact, we recommend that monitoring data be mailed to board members, thereby preserving valuable meeting time for board education and deliberation. Getting monitoring largely out of board meetings allows those meetings to focus on creating the future rather than reviewing the past, because inspection of the past is now safely routinized. For each Ends and each Executive Limitations policy, the board will have set a frequency and a method of monitoring, after which the process runs automatically. The choice of method will be a report from the CEO, judgment by a disinterested party (for example, an auditor), or—less frequently—direct board inspection of organizational practices or circumstances. It turns out to be rare that monitoring needs to be discussed in the board meeting, except for board members to affirm that they have received and read the mailed reports.

To illustrate the nature of what is reported in a Policy Governance monitoring report, we will use two items from an Executive Limitations policy already shown. In that policy, among other unacceptable means, the CEO was told he or she cannot (1) expend more funds than have been received in the fiscal year to date except through acceptable debt and (2) indebt the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 60 days, but in no event more than $200,000. Here is what the monitoring data might look like for these two provisions: Item 1: Through the end of May, $3,694,800 has been expended. Receipts in the same period were $3,654,728. The shortfall of $40,072 was offset by a $60,000 short term loan. Item 2: Total debt is a 45 day working capital loan for $60,000 incurred on May 25. Revenues of $75,000 from
our foundation grant, guaranteed by letter of May 5, are not otherwise encumbered and will be used, in part, to retire the debt prior to due date.

Notice that the data are rather bare-bones, only enough to answer the question, unobscured by incidental information. Board members should adopt a "prove it to me" attitude, so if the information submitted is insufficient to convince them, then more detail can be added. But the detail must be such that directly address the criteria. For example, what data prove the "not otherwise encumbered" statement? Obviously, the complexities of some organizations will cause the monitoring data to have more facets than in our simple example. Even then, however, the reported data should be as brief as possible and maintain a razor-sharp connection to the policy-based criteria being monitored. If more interesting, explanatory information, other than that directly addressing the criteria, is desired by the board or offered by the CEO, it should not clutter the monitoring report, but be distributed separately. Board members can know anything they wish, but they should never be in doubt about what is disclosure of performance on the board's criteria and what is not.

Using similar criterion-focused reasoning, when the board seeks to evaluate itself, it compares its actual behavior and accomplishment with the behavior and accomplishment it committed to in its Governance Process and Board-Staff Linkage policies (Carver, 1997b). Policy Governance boards tend to self evaluate on a frequent basis—we recommend every meeting—because a more sophisticated system requires continual tending.

**Board Meetings**

Because in Policy Governance the board is in charge of its own job, board meetings become the board's meetings rather than management's meetings for the board. Board meetings occur because of the need for board members to learn together, to contemplate and deliberate together, and to decide together. Board meetings are not for reviewing the past, being entertained by staff, helping staff do its work, or performing ritual approvals of staff plans. As a result, many board meetings may not look like traditional board meetings at all, but learning and studying sessions or joint meetings with other boards, particularly in communities where boards rarely talk with each other.

The CEO is always present, but is not the central figure. Other staff might be present when they have valuable input on matters the board is to decide. For community boards, with rare exceptions meetings would be open—not to please the law, but because a board commitment to transparency. The board is not merely a body to confirm committee decisions, but the body that makes the decisions. Board committees might be used to increase the board's understanding of factors and options, but never to assume board prerogatives or remove difficult choices from the board table. In contrast to the old bromide that "the real works takes place in committees," in Policy Governance the real work takes place in the board meeting.

Board meetings should thus be more about the long term future than the present or short term future . . . more about ends than means . . . more about a few thoroughly considered large decisions than many small ones. And by their very character, meetings should demonstrate that the board's primary relationship is with owners, not with staff.

**Summary**

The Policy Governance model recognizes that any governing board is obligated to fulfill a crucial link in the "chain of command" between owners—whether legal or moral in nature—and operators. The board does not exist to help staff, but to give the ownership the controlling voice. The board's owner-representative authority is best employed by operating as an undivided unit, prescribing organizational ends, but only limiting staff means, making all its decisions using the principle of policies descending in size. The model enables extensive empowerment to staff while preserving controls necessary for accountability. It provides a values-based foundation for discipline, a framework for precision delegation, and a long term focus on what the organization is *for more than what it does.*
The Policy Governance model provides an alternative for boards unhappy with reactivity, trivia, and hollow ritual—boards seeking to be truly accountable. But attaining this level of excellence requires the board to break with a long tradition of disastrous governance habits. And it offers a challenge for visionary groups determined to make a real difference in tomorrow's world.

For boards unhappy with reactivity, trivia, and hollow ritual—boards determined to be accountable for making a real difference in tomorrow's world—Policy Governance offers a visionary challenge. But transforming today's reality into tomorrow's possibility requires a radical break from a long tradition of comfortable, but disastrous governance habits.

References


———. "Un nouveau paradigme de gouvernance: un nouvel équilibre entre le conseil d'administration et le chef de la direction", Gouvernance: Revue internationale, 1 (1), Printemps 2000c, 100-108.


Board of Trustees Bylaws

1. Meetings.
   a. Place of Meetings. Any or all meetings of the Board of Trustees shall be held at Northwestern Michigan College unless otherwise designated by the Board of Trustees.
   b. Open and Closed Meetings. All meetings—annual, regular, special, emergency—shall be open to the public with the exception of those items exempt from public discussion or disclosure by state or federal statute. A roll-call vote with two-thirds majority is required for the Board to convene in closed session. Upon completion of business in the closed session, the Board will adjourn into public session.
   c. Annual Meeting.
      i. Date and purpose. The annual meeting of the Board of Trustees shall be held each year on the first meeting date in January, one of the purposes of which shall be the election of the officers.
      ii. Notice of annual meeting. At least seven (7) days prior to the date fixed by Section 1.c.i. of these Bylaws for the holding of the annual meeting of the Trustees, written notice of the time, place and purposes of such meeting shall be delivered, as hereinafter provided, to each Trustee entitled to vote at such meeting.
      iii. Delayed Annual Meeting. If, for any reason, the annual meeting of the Board of Trustees shall not be held on the day hereinbefore designated, such meeting may be called and held as a special meeting, and the same proceedings may be conducted thereat as at an annual meeting, provided that the notice of such meeting be not less than a seven-day notice.
      iv. Order of Business. The order of business at the annual meeting of the Board of Trustees shall be as follows:
         1. roll call
         2. reading notice and proof of mailing
         3. approval of minutes of preceding meeting
         4. report of Secretary
         5. report of Treasurer
         6. election of officers
         7. transaction of other agenda items
         8. adjournment
         provided that, in the absence of any objection, the presiding officer may vary the order of business at his or her discretion.
   d. Regular Meetings. Regular meetings of the Board of Trustees shall be held not less frequently than one in each month at such time and place as the Board of Trustees shall determine. No monthly notice of regular meetings of the Board shall be required. Regular meeting dates for the year must be publicly posted within ten (10) days after the regular January meeting for the following twelve (12) months stating the time and place of meetings. If the schedule of regular meetings is changed, the new dates, times and places must be posted within three (3) days after the meeting at which the change is made.
      If a regular meeting is rescheduled, a public notice stating the rescheduled date, time, and place of the meeting must be posted at least eighteen (18) hours prior to the meeting.
   e. Special Meetings. A special meeting of the Board of Trustees may be called at any time by the Chairperson of the
Board of Trustees or by a majority of the Board of Trustees. Upon receipt of a specification in writing setting forth the date and objects of such proposed special meetings, signed by the Chairperson or by a majority of the Board of Trustees, the Secretary or an Assistant Secretary shall prepare and forward to each trustee electronic or written notice of the time, place and purpose of such special meeting not less than eighteen (18) hours before the meeting. Such notice may be signed by stamped, typewritten, or printed signature of the Secretary or of an Assistant Secretary.

When a special meeting is called, a public notice stating the date, time, and place of the meeting must be posted at least eighteen (18) hours prior to the meeting.

f. Emergency Meetings. The Board of Trustees may meet in emergency session without complying with the notice requirements when it is necessary to deal with a severe and imminent threat to the health, safety, or welfare of the public when two-thirds of the Board members decide that delay would be detrimental to efforts to lessen or respond to the threat.

g. Notices and Mailings. All notices to the Board of Trustees required to be given by any provision of these bylaws shall state the authority pursuant to which they are issued (as, "by order of the Chairperson of the Board of Trustees" or "by order of the Board of Trustees," as the case may be) and shall bear the written, stamped, typewritten, or printed signature of the Secretary or Assistant Secretary. Every notice shall be deemed duly served when notice is provided by one of the following methods: by sending the membership records of this Board; by deposit in the United States mail, with postage fully prepaid, plainly addressed to the sendee at his or her last address appearing upon the membership record of this Board, or when the same has been hand-delivered to the sendee’s home or office.

h. Public Posting of Notices of Meetings. Notices must contain:
"NORTHWESTERN MICHIGAN COLLEGE
1701 East Front Street
Traverse City, Michigan 49686
(231) 995-1010

Official minutes of Board meetings are available in the President's Office and are available for public inspection."

Notice must be posted on the Board of Trustees bulletin board in the Preston N. Tanis Building.

i. Public Input. At all public meetings of the Board of Trustees, the Chairperson shall honor the right of the public to address a public body. Every open meeting agenda will provide for public participation.

Each person wishing to address the Board during public comment shall provide their name, address, city, phone, and issue to be addressed on a form provided prior to the meeting. Forms will be collected and given to the Board Chair prior to the call for order.

Comments will be limited to three minutes in length per speaker, and the Board reserves the right to limit total comment time on any one subject.

2. Quorum. Presence in person of a majority of Trustees shall constitute a quorum at any meeting of the members. Participation in meetings by telephone or other interactive media is allowed for information purposes only. Trustees joining a meeting in this manner may not vote. Trustee electronic participation does not count for constitution of a quorum.

3. Board of Trustees.
   a. Number and Qualifications. The Northwestern Michigan College district shall be directed and governed by a Board of Trustees, consisting of seven (7) members. Each member shall possess the qualifications of general electors within the College district.
   b. Selection. Board of Trustees members shall be selected as provided in Section 389 of Act 331 of the Public Acts of 1966 of the State of Michigan:

"The community college district shall be directed and governed by a Board of Trustees, consisting of seven (7) members elected at large in the proposed community college district on a non-partisan basis . . ."
c. **Term of Office.** The Trustees shall serve for six (6) years or until their successors have been appointed. Regular terms of office shall commence on January 1 following the next general state election.

d. **Vacancies.** Whenever a vacancy in the Board of Trustees occurs, “the remaining trustees shall fill each vacancy by appointment. If a vacancy is not filled within 30 days after the vacancy occurs, or if a majority of trustee seats become vacant, “the intermediate school board for that school [community college] district shall fill each vacancy by appointment. An individual appointed under this subsection serves until a successor is elected and qualified. If a vacancy occurs more than 90 days before a regular election, an election shall be held at that regular school election to fill that office for the remainder of the office’s unexpired term, if any. This subsection applies regardless of whether an individual is appointed under subsection (1) to fill the vacancy.” (Michigan Legislative Act 302, Public Acts of 2003, Chapter XIV, Sec. 311, effective March 30, 2004).

e. **Power to Elect Officers.** The Trustees shall elect a Chairperson of the Board of Trustees, a Vice Chairperson, a Secretary, and a Treasurer.

f. **Power to Appoint Other Officers and Agents.** The Board of Trustees shall have power to appoint such other officers and agents as the Board may deem necessary for transaction of the business of the Board.

g. **Removal of Officers and Agents.** Any officer or agency may be removed by the Board of Trustees whenever in the judgment of the Board the business interest of the Board will be served thereby.

h. **Power to Fill Vacancies.** The Board shall have power to fill any vacancy in any office occurring for any reason whatsoever. The office of a trustee becomes vacant immediately, regardless of declaration by an officer or acceptance by the board or 1 or more of its members, upon any of the following events:

i. The death of the trustee.

ii. The trustee being adjudicated insane or being found to be a legally incapacitated individual by the court of competent jurisdiction.

iii. The trustee’s resignation.

iv. The trustee’s removal from office.

v. The trustee’s conviction for a felony.

vi. The trustee’s election or appointment being declared void by a competent tribunal.

vii. The trustee’s neglect or failure to file the acceptance of office, to take the oath of office, or to give or renew an official bond required by law.

viii. The trustee ceasing to possess the legal qualifications for holding office.

ix. The trustee moving his or her residence from the school district.

i. **Delegation of Powers.** For any reason deemed sufficient by the Board of Trustees, whether occasioned by absence or otherwise, the Board may delegate all or any of the powers and duties of any officer to any other officer or director, but no officer or director shall execute, acknowledge, or verify any instrument in more than one capacity.

j. **Power to Require Bonds.** The Board of Trustees may require any officer or agent to file with the Board a satisfactory bond conditioned for faithful performance of his or her duties.

k. **Compensation.** The compensation of officers and agents may be fixed by the Board.

4. **Officers.**

a. **Chairperson.** The Chairperson of the Board of Trustees shall be selected by the members of the Board. The Chairperson shall preside over all meetings of the Board of Trustees. The Chairperson shall ensure that the Board's Bylaws and established rules are followed and that the Board and its standing or ad hoc committees are fulfilling their stated responsibilities. The Chairperson shall represent the Board as appropriate in various public relations functions. An individual may not serve more than three (3) consecutive years as Chairperson. In times of unique challenge to the Board, the Chair may be elected for up to two (2) additional consecutive one-year terms by a vote of no less than five of the seven members of the Board.

b. **Vice Chairperson.** A Vice Chairperson shall be chosen by the membership of the Board. The Vice Chairperson shall perform the duties and exercise the powers of the Chairperson during the absence or disability of the Chairperson.

c. **Secretary.** The Secretary shall be chosen from the membership of the Board. The Secretary shall, by affixing his or her signature, attest to the accuracy of the Board meeting minutes and shall ensure that the Board's records
are maintained in an appropriate manner. The Secretary shall authorize all notices required by statute, bylaw or resolution. The Secretary shall perform such other duties as may be delegated by the Board of Trustees. The President or the President's designee shall serve as Assistant Secretary to assist the Secretary in the performance of his or her duties.

d. **Treasurer.** The Board of Trustees shall elect a Treasurer of the Board from its membership who will perform duties in connection with the finances of the College as may be required by the Board. The Board may direct the President to designate a chief financial officer as custodian of the funds who shall report to the President and maintain full and accurate accounts and fiscal procedures.

5. **Fiscal Year.** The College's fiscal year shall begin on the first day of July and end on the thirtieth day of June.

6. **Execution of Instruments**
   
a. **Checks, Etc.** All checks, drafts, and orders for payment of money shall be signed in the name of the Board and shall be countersigned by such officers or agents as the Board of Trustees shall from time to time designate for that purpose.

   b. **Contracts, Conveyances, Etc.** When the execution of any contract, conveyance, or other instrument has been authorized without specification of the executing officers, the Chairperson or Vice Chairperson and the Secretary may execute the same in the name and on behalf of this Board. The Board of Trustees shall have power to designate the officers and agents who shall have authority to execute any instrument in behalf of this Board.

7. **Power of Board to Borrow Money.** The Board of Trustees shall have full power and authority to borrow money whenever, in the discretion of the Board, the exercise of said power is required in the general interest of the College, and in such case the Board of Trustees may authorize the proper officers to make, execute, and deliver in the name and on behalf of the Board of Trustees such notes, bonds, and other evidence of indebtedness as said Board shall deem proper, and said Board shall have full power to mortgage the property of the College, or any part thereof, as security for such indebtedness.

   The power to borrow money shall require the approval of a majority of the Board of Trustees.

8. **Committees.** Special committees of the Board of Trustees shall be appointed by the Board Chair as deemed necessary.

9. **Amendment of Bylaws.** These bylaws may be amended, altered, changed, added to, or repealed by the affirmative vote of a majority of the Trustees. The process to amend, alter, change, or repeal shall be proposed at a regular or special meeting of the Board and adopted at a subsequent regular meeting provided that the proposed amendment, alteration, change, addition, or repeal be reduced to writing and each Trustee be notified of said proposal at least seven days prior to the next regular meeting.

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995

Revised April 28, 1997
Revised January 27, 2003
Revised February 24, 2003
Revised October 24, 2005
Revised November 19, 2007
Revised July 26, 2010
Board of Trustees Responsibilities

The primary responsibility of the board is to represent the public in determining and demanding appropriate organizational performance. To distinguish the board's own unique responsibilities from the responsibilities of the faculty and staff, the board will concentrate its efforts on the following job "products":

1. Serve as the link between the College and the public.
2. Adopt written governing policies which, at the broadest levels, address:
   a. Board of Trustees Policies: Specification of how the board conceives, carries out and monitors its own task.
   b. Board-President Relationship Policies: How authority is delegated from the board to the president; the president's role authority and accountability; how the president's performance will be monitored.
   c. Ends: What organizational products, impacts, benefits and outcomes will be achieved for what recipients at what cost.
   d. Parameters: Constraints on presidential authority which establish the prudence and ethics boundaries within which all staff activity and decisions must take place.
3. Select, employ and delegate the appropriate powers and authority to the president of the College.
4. Monitor and assure the president's performance in achieving the College's Ends and Parameters.
5. Participate in appropriate professional development and training to ensure effective and competent service as a community college trustee.

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Board of Trustees Governing Style

Community college trustees are responsible for ensuring that their colleges are integral parts of their communities and serve ever-changing needs. They are accountable to the community for the performance and welfare of the institutions they govern.

Effective boards consist of people who come together to form a cohesive group to articulate and represent the public interest, establish a climate for learning, and monitor the effectiveness of the institution. Boards of trustees do not do the work of their institutions—they ensure that colleges have outstanding presidents. They establish standards for the work through the policies they set.

1. Standards of Good Practice: In support of effective community college governance, the Board of Trustees of Northwestern Michigan College believes:
   a. That it derives its authority from the community and that it must always act as an advocate on behalf of the entire community
   b. That it must clearly define and articulate its role
   c. That it is responsible for creating and maintaining a spirit of true cooperation and a mutually supportive relationship with its CEO
   d. That it always strives to differentiate between external and internal processes in the exercise of its authority
   e. That its trustee members should engage in a regular and ongoing process of in-service training and continuous improvement
   f. That its trustee members come to each meeting prepared and ready to debate issues fully and openly
   g. That its trustee members vote their conscience and support the decision or policy made
   h. That its behavior, and that of its members, exemplifies ethical behavior and conduct that is above reproach
   i. That it endeavors to remain always accountable to the community
   j. That it honestly debates the issues affecting its community and speaks with one voice once a decision or policy is made

2. Board Roles and Responsibilities: To be effective, trustees and boards must:
   a. Represent the Common Good
      i. Know community needs and trends
      ii. Link with the community
      iii. Seek out and consider multiple perspectives when making policy decisions
      iv. Debate and discuss issues in public
      v. Serve the public good
   b. Act as a Unit
Integrate multiple perspectives into board decision-making
ii. Establish and abide by rules for conducting board business
iii. Speak with one voice; support the decision of the board once it is made
iv. Recognize that power rests with the board, not individual trustees
v. Create a Positive Climate
vi. Model a commitment to learning and to students
vii. Focus on outcomes
viii. Support professional growth
ix. Seek consultation in developing policy
x. Be ethical and act with integrity
c. Employ, Evaluate and Support the Chief Executive Officer
   i. Select and retain the best CEO possible
   ii. Define clear parameters and expectations for performance
   iii. Conduct periodic evaluations; provide honest and constructive feedback
   iv. Act ethically in the relationship with the CEO
   v. Support the CEO; create an environment for success
d. Define Policy Standards for College Operations
   i. Define expectations for high quality educational programs
   ii. Define expectations for student achievement and fair treatment of students
   iii. Require wise and prudent use of funds and management of assets
   iv. Set parameters to attract and retain high quality personnel and ensure fair treatment of employees
e. Monitor Performance
   i. Monitor progress toward goals
   ii. Monitor adherence to operational policies
   iii. Use pre-established criteria for monitoring
   iv. Schedule a timetable for reports
f. Support and Be Advocates for the College
   i. Promote the College in the community
   ii. Foster partnerships with other entities in the community
   iii. Advocate the needs of the College with government officials
   iv. Support the foundation and fundraising efforts
   v. Protect the College from inappropriate influence
g. Lead as a Thoughtful, Educated Team
   i. Engage in ongoing learning about board roles and responsibilities
   ii. Be curious and inclusive
   iii. Be positive and optimistic
   iv. Support and respect each other

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Revised April 17, 2000
Revised September 26, 2005
Board Committee

SPECIAL COMMITTEES

The board chair may appoint any member, or up to three members, of the board of trustees to fulfill various responsibilities, including, but not limited to the following:

1. Meet with the president prior to each regular board of trustees meeting to finalize and/or review the meeting agenda for that month.
2. Meet monthly with the president and chief financial officer to review monthly financial reports, audit reports, and proposed board action items that have a fiscal impact.
3. Represent the board of trustees at appropriate local, state and national functions as needed.
4. Represent the board as members of the NMC foundation board.
5. Encourage the continuing education of board members with particular emphasis on orientation of newly elected members.
7. Coordinate the annual performance evaluation of the president and develop recommendation regarding annual compensation.
8. Represent the board of trustees in the provision of advice to the president between regular meetings in matters dealing with board policy and/or critical issues.
9. Annually review nominees submitted for Fellows appointment and recommend to the board acceptance of one or more persons to be recognized or, in any given year, to make no recommendation.
10. In concert with the administration, maintain an awareness of issues being discussed in Lansing and/or Washington that have the potential for impact upon NMC, and develop and maintain a working relationship with appropriate legislators and staff who will be critical in decision-making roles pertaining to NMC’s future.

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Revised April 28, 1997
Revised December 19, 2005
Board of Trustees Video Recording of Meetings

The Board of Trustees establishes video recording to be conducted at regularly scheduled Board of Trustee meetings, including its annual meeting, noticed and scheduled special meetings, and emergency meetings to the extent permitted by law. Strategic planning and retreat meetings of the Board, as well as committee meetings of the Board of Trustees, will not be covered by this policy. The following standards shall be established for video recording of meetings of the Board of Trustees:

1. Video recordings shall be established with technology as determined by the Vice President of Finance and Administration.
2. Video recordings shall be made available to the public within eight days after the meeting.
3. Video recordings shall be maintained in a manner consistent with the Records Retention and Disposition Schedule, Staff Policy D-506.04. It is the intent of the Board of Trustees that video recordings shall be retained for no longer than one (1) year from the date of first publication.
4. Video recordings shall serve only as an auxiliary method of providing public access to the business of the Northwestern Michigan College Board of Trustees, are not intended as public records, and shall not replace written minutes of the Board of Trustees as required by Board Policy A-100.00. For purposes of compliance with MCL 15.269 of the Open Meetings Act, written minutes maintained and approved by the Board of Trustees shall remain the official minutes of the Board, and the minutes shall be subject to all requirements as provided under MCL 15.269, and as may be amended.

The Vice President of Finance and Administration, in conjunction with appropriate staff, shall be responsible for the development and publication of any further procedures or guidelines that may be necessary to administer this policy effectively.

Adopted by the Northwestern Michigan College Board of Trustees March 24, 2014
Consent Agenda Items

These items will be placed on a monthly "consent agenda" for adoption as a group without specific discussion. When approving the meeting's agenda, any board member may request that a consent agenda item be moved to the regular agenda for discussion or questions.

1. Human Resources
   a. Approval of negotiated employee contracts (e.g. collective bargaining agreement with Maintenance/Custodial union) or mutual gains agreements (annual total compensation recommendation) as recommended by president
   b. Approval of sabbatical leaves

2. Administrative Services
   a. Bid acceptance recommendations requiring board approval

3. Other
   a. Endorsement of addition or deletion of University Center credit programs and member institutions
   b. Additional items as may be deemed appropriate by the board chair

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Revised May 19, 2003
Revised December 20, 2004
Revised December 19, 2005
Revised December 18, 2006
Revised June 25, 2007
Revised February 24, 2014
Revised March 23, 2015
Gift Acceptance

1. The Board of Trustees of Northwestern Michigan College (NMC) shall direct all unsolicited gifts of private property, devise, or bequest to the Northwestern Michigan College Foundation (Foundation), which has been formed solely to receive gifts and administer funds for the benefit of NMC.

2. Such direction shall not be considered as a recommendation to accept gifts. Presentation of gifts, bequests, memorials, awards, property, or scholarships shall be accepted at the discretion of the Foundation and recognized and approved by the Board of Directors of the Foundation, and shall be subject to the current Foundation Gift Acceptance Policies and Procedures, as may be amended from time to time, and the applicable laws and regulations governing §501(c)(3) organizations. Such recognition and approval shall in no case be considered an endorsement of a particular product, service or business.

3. The Board of Trustees shall exercise appropriate control with respect to directed gifts to the Foundation by establishing the following procedures:
   a. It is expected that the Foundation will consult with NMC officials regarding the acceptability of tangible property or real property in advance of accepting those items. “Tangible property” and “real property” shall include, but not be limited to the following items: land, works of art, supplies, and equipment.
   b. The President and the Vice President for Institutional Advancement may tentatively accept contributions subject to the final approval of the Foundation’s Board of Directors at its next meeting.
   c. Acceptance by the Foundation of equipment or services that may require institutional support which involves, but may not be limited to, operating budget expenses or capital investment or other expenses (whether initial or continued) shall be presented to the President’s Office for consideration and approval by the Board of Trustees prior to acceptance by the Foundation.
   d. All contributions to the Foundation of tangible property, excluding gifts of real property which, by attribute, shall be sold, conveyed, or otherwise disposed of in order to convert to cash as soon as possible, will ultimately become the property of NMC and subject to the same controls and regulations that govern the use of property owned by NMC.
   e. Attached to this policy is a copy of the current Foundation Gift Acceptance Policy. In the event that a gift, bequest, or devise is not directed to the Foundation, the procedures incorporated in the attached policy, as may be amended by the Foundation from time to time, shall govern the actions of the Board of Trustees, and the Vice President for Institutional Advancement shall consult with the Foundation’s Board of Directors as appropriate for recommendations to be made to the Board of Trustees.

Adopted by the Northwestern Michigan College Board of Trustees November 19, 2007
Revised July 26, 2010
Items for Specific Board Approval

The following actions are matters in which the board specifically reserves the right to be involved in the decision-making process, to deliberate and evaluate options, and vote upon:

Human Resources
- Selection, evaluation, compensation, and retention of the president
- Policies and procedures related to the board-president relationship

Finance
- Bonding/borrowing money
- Adoption of annual budget
- Approval of general fund budget adjustments
- Approval of persons authorized to execute financial instruments on behalf of the College
- Institutions utilized for investment of College funds
- Tax rate assessed
- Selection of auditing firm; acceptance of annual audit
- Utilization of reserve funds
- Expenditures from the Fund for Transformation in excess of $50,000 per year
- Approval of budget guidelines
- Declaration of a College-wide state of financial exigency
- Approval of general fund line-item expenditures of $25,000 or more, and $50,000 or more on construction/renovation projects

Educational Services
- Approval and discontinuation of academic programs
- Annual establishment of tuition and fees that apply to all students
- Approval of degree requirements

Facilities (General)
- Property acquisition and disposition
- Determination of facility names
- Approval of campus facilities plan

Other
- Policies and procedures related to the board's own processes
- Authorization of special elections
- Election of board officers
- Approval of College statements of mission, vision, values, and Institutional Effectiveness Criteria
- Appointment of College fellows
Appointment of foundation board members

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Revised March 23, 1998
Revised April 17, 2000
Revised August 28, 2000
Revised December 19, 2005
Revised July 26, 2010
Board Policy A-106.01
Board of Trustees Process

Property Naming Opportunities

In keeping with Board Process Policy A-106.00, the Board of Trustees of Northwestern Michigan College reserves the right to be involved in the decision-making process, to deliberate and evaluate options, and to vote upon determination of major property naming opportunities.

The College may, from time-to-time, honor or memorialize certain individuals or organizations in recognition of extraordinary contributions to the College. These contributions may include financial gifts, time and talent devoted to the College by community members, or distinguished service on the part of faculty and staff. The appropriate recognition opportunities will be identified by executive staff and recommended by the president to the Board of Trustees.

Adopted by the Northwestern Michigan College Board of Trustees April 20, 1998
Reviewed without revision December 19, 2005
Board Policy A-106.02
Board of Trustees Process

Investment Policy

1. Purpose: It is the policy of the Board of Trustees to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of Northwestern Michigan College (hereinafter “The College”) and comply with all state statutes governing the investment of public funds.

2. Scope: This policy on banking and investments applies to all financial assets of the College. These assets are accounted for in the various funds of the College and include the general fund, auxiliary funds, restricted funds, plant funds, and agency funds and any other funds established by the College. Investment income will be allocated to the general fund in accordance with generally accepted accounting principles.

3. Objectives: The primary objectives, in priority order, of the College’s banking and investment activities shall be:
   a. Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.
   b. Diversification - The investments will be diversified by security type, as allowed by regulation, financial institution and maturity of securities in order to reduce portfolio and market risks.
   c. Liquidity - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

4. Delegation of Authority to Make Investments: The College delegates the daily management responsibility for the investment program to the Vice President of Finance and Administration.

5. Permissible Investments: The Michigan Community College Act No. 331, as amended, provides the following permissible investments:
   a. Bonds, bills, or notes of the United States, or of an agency or instrumentality of the United States, or obligations of this State.
   b. Negotiable certificates of deposit, savings accounts, or other interest-earning deposit accounts of a financial institution. As used in this subdivision, "financial institution" means a bank that is a member of the Federal Deposit Insurance Corporation, A savings and loan association that is a member of the Federal Savings and Loan Insurance Corporation, or a credit union whose deposits are insured by the national Credit Union Administration.
   c. Bankers’ acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
   d. Commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the Federal Deposit Insurance Corporation.
   e. Commercial paper of corporations located in this state rated prime by at least one of the standard rating services.
   f. Mutual funds, trusts, or investment pools composed entirely of instruments that are eligible collateral.
   g. Repurchase agreements against eligible collateral, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced. An undivided interest in the instruments pledged for these agreements must be granted to the community college. As used in this section, "eligible collateral" means all securities which otherwise would qualify for outright purchase under this act.

Additional funds of the College shall not be invested or deposited in a financial institution that is not eligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.
Board Policy A-106.03
Board of Trustees Process

Policy Amendment and Additions

Board policies may be amended, altered, added, or repealed by the affirmative vote of a majority of the Trustees.

A recommendation to amend, alter, or repeal a policy, or to add a new policy, shall be proposed at a regular or special meeting of the Board of Trustees on a first-reading basis and adopted at a subsequent regular meeting. The proposed amendment, alteration, repeal or new policy shall be submitted in writing to each Trustee.

Adopted by the Northwestern Michigan College Board of Trustees on April 3, 2006
Board Policy A-107.00
Board of Trustees Process

Board Attendance at Civic and College Events

1. It is recognized that in their role of owner-trustee, it is important for members of the NMC board of trustees to attend civic events on behalf of the College or to attend College events. The purposes of such attendance include:
   a. To provide visibility for the College in situations where the presence and support of the College's leadership is important.
   b. To demonstrate College support for civic efforts which benefit the community as a whole.
   c. To demonstrate board support for College activities.
   d. To establish important contacts with potential significant donors to the College.

2. It is understood that when attendance at said events entails a fee, charge, or contribution to the sponsoring organization, the College will serve as sponsor of the board members and their spouse or guest attending. At the same time, it is important for the board to maintain the public trust in ensuring appropriate expenditure of public funds. To that end, taxpayer dollars will not be used to sponsor board attendance at such events. Furthermore, board members and their spouse or guest shall be the guests of the College at all College-sponsored events.

3. Events excluded from College sponsorship include:
   a. The NMC barbecue,
   b. Those which are politically partisan in nature,
   c. Those which lend support to one side or the other of a controversial or divisive community issue, or
   d. Those which are primarily sporting events.

Adopted by the Northwestern Michigan College Board of Trustees January 22, 1996
Revised October 27, 1997
Reviewed without revision December 19, 2005
Board Policy A-108.00
Board of Trustees Process

Board of Trustees Electronic Communications

The Board of Trustees (“Board”), and each of its sub-committees, is committed to complying with all applicable laws while executing its duties, including Michigan’s Open Meetings Act (“OMA”), Freedom of Information Act (“FOIA”), and Historical Commission Act (“HCA”). This policy is designed to provide an overview of the Board’s obligations under these laws as they might apply to electronic communications, which include but are not limited to emails, text messages, instant messages, blogs, and social media messages, whether created or used within or outside of Northwestern Michigan College’s information technology infrastructure. Each member of the Board is assigned a Northwestern Michigan College (“NMC” or “College”) email address, which he/she may use only for College-related business and communications. Use of a College email account for any other purpose is prohibited. The President and staff may develop and publish further guidelines as may be necessary to administer this policy effectively, and for the appropriate retention and disposal of electronic communications according to the College Record and Retention Schedule and the HCA.

**Open Meetings Act:** The OMA, with limited enumerated exceptions, requires the Board and its sub-committees to conduct meetings in a manner that is open to the public. According to the OMA, a “meeting” means the convening of the Board or its sub-committees at which a quorum is present for the purpose of deliberating toward or rendering a decision on a public policy. All deliberations and decisions of the Board and its sub-committees shall take place at a meeting open to the public. Neither the Board nor its sub-committees may circumvent these requirements by deliberating toward or rendering a decision on a public policy by exchanging or using electronic communications.

**Freedom of Information Act:** The FOIA, with enumerated exemptions, requires NMC and the Board to make available for copy or inspection by the public “public records,” which means writings prepared, owned, used, in the possession of, or retained by NMC or the Board in the performance of an official function, from the time it is created. This requirement applies equally to electronic communications prepared, owned, used, in the possession of, or retained by members of the Board or its sub-committees as part of their official functions, whether the electronic communications are created, received, or used within or outside of the College’s information technology infrastructure.

**Historical Commission Act:** Pursuant to the HCA, the College maintains a College Record and Retention Schedule (“Schedule”), which details which College records, including Board records, must be retained by the College and for how long. The Schedule applies equally to electronic communications of the members of the Board and its sub-committees, whether the electronic communications are created, received, or used within or outside of the College’s information technology infrastructure. Each member of the Board and its sub-committees shall familiarize him/her-self with the Schedule, its application, and requirements. A member of the Board or any of its sub-committees who, in the performance of a College function, creates, receives, or uses an electronic communication outside of the College’s information technology infrastructure shall immediately provide a copy of the electronic communication to the Executive Assistant for the President and Board of Trustees for keeping and retention in accordance with the Schedule and the HCA.

Any and all questions related to the administration of this policy should be directed to Executive Assistant for the President and Board of Trustees.

Adopted by the Northwestern Michigan College Board of Trustees March 23, 2015
Board Policy B-100.00
Board-President Relationship

Delegation to the President

All board authority delegated to staff is delegated to the president, so that all authority and accountability of staff—as far as the board is concerned—is considered to be the authority and accountability of the president.

1. The board will direct the president to achieve certain results through the establishment of Ends policies. The board will limit the latitude the president may exercise in practices, methods, and conduct in achievement of the ends through establishment of Parameters policies.

2. As long as the president uses any reasonable interpretation of the board's Ends and Parameters policies, the president is authorized to establish all staff policies and procedures.

3. The board may change its Ends and Parameters policies, thereby shifting the boundary between board and president domains. By so doing, the board changes the latitude choices given to the president. But so long as any particular delegation is in place, the board and its members will respect and support the president's decisions. This does not prevent the board from obtaining information in the delegated areas except where laws of confidentiality prohibit disclosure.

4. Only decisions of the board acting as a body are binding upon the president.
   a. Decisions or instructions of individual board members, officers, or committees are not binding on the president except in rare instances when the board has specifically authorized such exercise of authority.
   b. Individual board members may request information or assistance from the president. Requests that require (in the president's judgment) a material amount of staff time or funds or are disruptive may be referred to the board for determination.

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Reviewed without revision January 23, 2006
Board Policy B-101.00
Board-President Relationship

President's Role and Job Description

1. The president is accountable to the board acting as a body. The board will instruct the president through written policies, delegating implementation to the president.

2. As the board's official link to the operating organization, the president's job performance will be considered to be synonymous with organizational performance as a whole, as reflected in an annual evaluation conducted by the Board.

3. Consequently, the president's job contributions can be stated as performance in only two areas:
   a. Organizational accomplishment of the provisions of board policies on Ends
   b. Organization operation within the boundaries of prudence and ethics established in board policies on Parameters

4. Notwithstanding the above, the president serves at the pleasure of the board and contractual understandings will apply.

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Revised January 23, 2006
Monitoring Presidential Performance

Monitoring executive performance is synonymous with monitoring organizational performance against board policies on Ends and on Parameters. Evaluation of presidential performance, formal or informal, shall be derived from these monitoring data.

1. The purpose of monitoring is to determine the degree to which board policies are being fulfilled.
2. A given policy may be monitored in one or more of three ways:
   a. Internal report: disclosure of compliance information to the board from the president.
   b. External report: discovery of compliance information by a disinterested, external auditor or third party who is selected by and reports directly to the board. Such reports will assess presidential performance against policies of the board, unless the board has previously indicated that the third party's opinion will be the standard.
   c. Direct board inspection: discovery of compliance information by a board member, a committee, or the board as a whole. This is a board inspection of documents, activities, or circumstances directed by the board which allows a "reasonable person" test of policy compliance.
3. Upon the choice of the board, any policy can be monitored by any of the above methods at any time. The board may establish a regular schedule and method for monitoring Ends and Parameters policies.

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Reviewed without revision February 27, 2006
Board Policy B-103.00
Board-President Relationship

Communication and Counsel to the Board

With respect to providing information and counsel to the board, the president shall inform the board regarding matters of importance. Accordingly, the president shall:

1. Inform the board of relevant trends, anticipated adverse media coverage, or material external and internal changes.
2. Submit required monitoring data to the board regarding accomplishment of the ends policies and conformance to the means policies in a timely, accurate, and understandable fashion.
3. Obtain for the board adequate internal and external points of view, facts, issues, and options as may be needed to make fully informed board decisions.
4. Provide a mechanism for official board, officer, board committee, and president communications.
5. Report in a timely manner an actual or anticipated noncompliance with any policy of the board.
6. Keep the board informed regarding progress on major strategic initiatives

Adopted by the Northwestern Michigan College Board of Trustees October 23, 1995
Revised February 27, 2006
Board Policy C-100.00
Ends Policy

Mission

Northwestern Michigan College provides lifelong learning opportunities to our communities.
Board Policy C-101.00
Ends Policy

Vision

NMC will be the resource of choice for higher education, lifelong learning and cultural experiences. NMC will be an essential contributor to quality of life and a vibrant economy. We will demonstrate collaborative and inventive approaches to education and training for liberal studies, careers, interests and emerging learner markets.

Initially adopted by the Northwestern Michigan College Board of Trustees November 23, 1998
Replaces C-100.00, adopted May 24, 1993
Revised March 26, 2007
Reviewed without changes November 22, 2010
Board Policy C-102.00
Ends Policy

Values

Our individual and collective efforts create the legacy of NMC. In order to achieve our mission, we are individually committed and responsible to live these values:

Learning is at the center of all we strive to achieve. It is the foundation upon which an enlightened citizenry and a dynamic community are built and is a lifelong process in which we are all engaged.

We will continuously improve the learning experience and its global relevance to those we serve through innovation, agility and thoughtful risk-taking.

Our actions are governed by the highest degree of ethics, integrity and personal responsibility, exhibited through transparency, openness and trust.

We each will practice responsible stewardship for the human, physical, financial and environmental resources entrusted to our care.

Each of us will strive to exceed expectations for quality and service in all that we do.

We value all people and will invest in their personal and professional growth and development.

We will exhibit foresight by monitoring the changing world around us and taking actions today that prepare us to meet future needs of our communities.

We will seek others who share our vision and values, and collaborate with them on behalf of our communities.

Adopted by the Northwestern Michigan College Board of Trustees November 23, 1998
Replaces C-102.00, adopted August 28, 1995
Revised March 26, 2007
Revised November 22, 2010
Board Policy C-103.00

Ends Policy

Purposes

To meet our mission, we are fully engaged in each of the following purposes with the result that our learners meet their goal(s) of being college-ready, transfer-ready, career-ready and ready for lifelong learning.

- Associate degree, certificate, and transfer education in liberal arts and sciences, and occupational studies
- Career/occupational education and workforce development
- Bachelor degrees in select programs
- Cultural and personal enrichment
- Baccalaureate and graduate program facilitation
- Regional economic development

Adopted by the Northwestern Michigan College Board of Trustees April 17, 2000
Revised October 6, 2003
Revised March 26, 2007
Revised November 22, 2010
Revised March 18, 2013
NORTHWESTERN MICHIGAN COLLEGE
Administrative Organization Chart

Grand Traverse County Citizens

Board of Trustees

President

Vice President for Lifelong & Professional Learning
Vice President of Finance and Administration
Vice President for Educational Services
Vice President for Enrollment Management and Student Services
NORTHWESTERN MICHIGAN COLLEGE
Northwestern Michigan College was the first comprehensive community college chartered in the State of Michigan. Since its founding in 1951, NMC has provided quality, affordable access to higher education for learners of all ages and backgrounds. NMC is integrally woven into the economic, social and cultural fabric of the region, providing leadership and support for key initiatives that shape our communities and prepare our learners for rich and meaningful lives.

**Mission**
Northwestern Michigan College provides lifelong learning opportunities to our communities.

**Vision**
NMC will be the resource of choice for higher education, lifelong learning and cultural experiences. NMC will be an essential contributor to quality of life and a vibrant economy. We will demonstrate collaborative and inventive approaches to education and training for liberal studies, careers, interests and emerging learner markets.

**Values**
*Our individual and collective efforts create the legacy of NMC. In order to achieve our mission, we are individually committed and responsible to live these values:*

- **Learning** is at the center of all we strive to achieve. It is the foundation upon which an enlightened citizenry and a dynamic community are built and is a lifelong process in which we are all engaged.

  We will continuously improve the learning experience and its global relevance to those we serve through **innovation, agility and thoughtful risk-taking**.

- Our actions are governed by the highest degree of **ethics, integrity and personal responsibility**, exhibited through **transparency, openness and trust**.

  We each will practice **responsible stewardship** for the human, physical, financial and environmental resources entrusted to our care.

  Each of us will strive to **exceed expectations** for quality and service in all that we do.

  We value **all people** and will invest in their personal and professional growth and development.

  We will **exhibit foresight** by monitoring the changing world around us and taking actions today that prepare us to meet future needs of our communities.

  We will **seek others** who share our vision and values, and **collaborate** with them on behalf of our communities.

**Purposes**
*To meet our mission, we are fully engaged in each of the following purposes with the result that our learners meet their goal(s) of being college-ready, transfer-ready, career-ready and ready for lifelong-learning.*

- **Associate degree, certificate, and transfer education** in liberal arts and sciences, and occupational studies.

- **Career/occupational education and workforce development**.

- Cultural and personal enrichment.
**Facilitating** baccalaureate and graduate programs.
Contributing to **economic development**.

**Current Strategic Directions and Capacities**

*In order to accomplish NMC’s stated Mission, Vision, and Purposes, organizational activities focus on achieving the following strategic directions and demonstrating competence in Institutional Effectiveness Criteria.*

**Strategic Directions**

1. Ensure that NMC learners are prepared for success in a global society and economy.

2. Establish national and international competencies and provide leadership in select educational areas connected to the regional economy and assets:
   - Advanced Manufacturing
   - Arts and Culture
   - Entrepreneurship and Innovation
   - Fresh Water
   - Health Care
   - Renewable Energy and Sustainability
   - Value-Added Agriculture

3. Deliver learning through a networked workforce.

4. Establish lifelong relationships with learners.

5. Transcribe most learning to establish credentials of value.

**Institutional Effectiveness Criteria**

1. Scholarship, Enrichment and Workforce: Helping Students Learn

2. Partnership:
   a. Economic Development and Community Involvement
   b. Building Collaborative Relationships

3. Champion:
   a. Understanding Student and Stakeholder Needs
   b. Supporting Organizational Operations

4. Culture: Valuing People

5. Operations:
   a. Leading and Communicating
   b. Measuring Effectiveness
   c. Planning Continuous Improvement
## STRATEGIC GOALS

### Learner Success (SD1, IE1, IE2, IE3)

| B1. NMC will improve learner success in terms of persistence and completion. | 1. Incubate and accelerate, as determined, impactful practices identified and/or designed by the “Enhancing Developmental Education” AQIP Action Project. **B1_T1**
|  | 2. Create and implement a cross-functional coordinated retention plan. **B1_T2** |

### Metrics

<table>
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<tr>
<th></th>
<th>Fall 2011</th>
<th>Fall 2012</th>
<th>Fall 2013</th>
<th>Fall 2014 Target</th>
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<tr>
<td><strong>B1.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College-level Course Persistence (all grades-Ws)/(all grades)</td>
<td>90.7%</td>
<td>92.3%</td>
<td>91.4% ↓</td>
<td>92.0%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>College-level Course Enrollee Success Rate (2.0 and above)/(all grades)</td>
<td>77.6%</td>
<td>78.5%</td>
<td>78.9% ↑</td>
<td>78.3%&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>College-level Course Completer Success (2.0 and above)/all grades - Ws</td>
<td>85.6%</td>
<td>85.0%</td>
<td>86.4% ↑</td>
<td>87.1%&lt;sup&gt;1&lt;/sup&gt;</td>
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<tr>
<td>Community College Completion/Graduation/Transfer rate within six years; (cohorts from 2005, 2006, 2007)</td>
<td>45.7%</td>
<td>51.4%</td>
<td>48.5%↓</td>
<td>52%&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>B1_1.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dev Ed Persistence (all grades-Ws)/(all grades)</td>
<td>84.2%</td>
<td>90.2%</td>
<td>90.1% ↓</td>
<td>91.0%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Dev Ed Course Enrollee Success Rate (2.0 and above)/(all grades)</td>
<td>65.4%</td>
<td>69.8%</td>
<td>70.5% ↑</td>
<td>63.0%&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>B1_2.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall to spring persistence (all currently enrolled less dual enrolled, grads)</td>
<td>75.9%</td>
<td>75.8%</td>
<td>75.3% ↓</td>
<td>77.0%&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Retention Plan: Fall to fall persistence (all currently enrolled less dual enrolled, grads, transfer)</td>
<td>57.6%</td>
<td>57.8% ↑</td>
<td>tbd</td>
<td>60.0%&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

### NOTES:

1. The B1 targets are set at a 3-year average of NCCBP peers at the 75<sup>th</sup> percentile; Source: National Community College Benchmark Project NCCBP.

2. Governor’s Education Dashboard, target set to state average; metric derived from the Voluntary Framework for Accountability (VFA)

3. Target is the 3-year average of NCCBP peers at the 90<sup>th</sup> percentile

4. Target was selected internally as incremental based on trends
**FY’15 NMC Board of Trustees Level Strategic Goals**

### Networked Workforce (SD3, IE4)

<table>
<thead>
<tr>
<th>B2.</th>
<th>NMC will evaluate the employee classification and compensation systems and make adjustments as necessary.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. By the September 2014 Board of Trustees regular meeting, complete review and make recommendations to the employee classification and compensation systems. <strong>B2_T1</strong></td>
</tr>
<tr>
<td></td>
<td>2. By December 2014, implement the new classification system including the review of all job descriptions, all positions entered into and aligned with the new classification plan and the documentation of a new benchmarking methodology. <strong>B2_T2</strong></td>
</tr>
</tbody>
</table>

#### Metrics

<table>
<thead>
<tr>
<th>B2-2.</th>
<th>% of Regular Staff Job Descriptions Reviewed and Aligned with New Classification System</th>
<th>FY’12</th>
<th>FY’13</th>
<th>FY’14</th>
<th>FY’15</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Engagement Index (% maximum score-11 questions)</td>
<td>85.0%</td>
<td>84%</td>
<td>Note5</td>
<td></td>
<td>80%6</td>
</tr>
</tbody>
</table>

Note: 5Employee Engagement Survey is administered biannually; next administration is 2015; 6Target was determined by using national and international benchmark literature related to employee engagement; Gallup’s [employee engagement index research](http://www.gallup.com) identified that 30% of employees nation-wide are highly engaged while 18% are actively disengaged; While we have set the target high compared to the national benchmarks, it is in line with our past trend data. Note that this target will be re-evaluated during the implementation of the 2016 Engagement Survey. It might be appropriate to set different targets based on employee group.

### Lifelong Relationships (SD4)

<table>
<thead>
<tr>
<th>B3.</th>
<th>NMC will expand community awareness effort both externally and internally.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Conduct the Community Attitude and Awareness Survey and use results to guide the development of an integrated marketing and community relations plan. <strong>B3_T1</strong></td>
</tr>
<tr>
<td></td>
<td>2. Adopt and begin execution of the integration marketing and community relations plan. <strong>B3_T2</strong></td>
</tr>
</tbody>
</table>

#### Metrics

<table>
<thead>
<tr>
<th>B3.</th>
<th>2007</th>
<th>2009</th>
<th>2011</th>
<th>Target6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Job NMC does responding to learning needs of community</td>
<td>88%</td>
<td>93%</td>
<td>95%7</td>
</tr>
<tr>
<td></td>
<td>Job NMC does communicating with the community</td>
<td>77%</td>
<td>98%</td>
<td>95%7</td>
</tr>
<tr>
<td></td>
<td>Overall rating of NMC</td>
<td>96%</td>
<td>98%</td>
<td>95%7</td>
</tr>
<tr>
<td></td>
<td>Familiarity with NMC Programs and Services</td>
<td>53%</td>
<td>57%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Notes: 7 (% “Positive” Rating (7-10) on scale 1-10, “Don’t know” respondents excluded); 8 (% “Very Familiar”, “Familiar”, or “Somewhat Familiar” on a five-point scale); 9 Targets will be re-evaluated during implementation of the 2015 Community Attitude and Awareness Survey to better account for national benchmarks.
### FY’15 NMC Board of Trustees Level Strategic Goals

| Fiscal Thriveability (IE3, IE5) | 1. Develop a multi-year business plan for Portfolio B to inform FY16 budget. **B4_T1**  
2. Evaluate plans to operationalize and monetize the Campus Master Plan. **B4_T2**  
3. Evaluate public funding resources. **B4_T3** |
|-------------------------------|----------------------------------------------------------------------------------|

<table>
<thead>
<tr>
<th>Metrics</th>
<th>FY’11</th>
<th>FY’12</th>
<th>FY’13</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>B4. Primary Reserves ratio (compares unrestricted net assets to total expenses)</td>
<td>0.31</td>
<td>0.32</td>
<td>.35</td>
<td>0.20-0.40</td>
</tr>
<tr>
<td>B4. Composite financial index (fiscal strength)</td>
<td>3.05</td>
<td>3.62</td>
<td>2.93</td>
<td>3.0-5.0</td>
</tr>
<tr>
<td>B4. Net Operating Ratio (net assets/total revenue)</td>
<td>3.29%</td>
<td>4.94%</td>
<td>1.34%</td>
<td>&gt; 0</td>
</tr>
</tbody>
</table>
NORTHEASTERN MICHIGAN COLLEGE
LOCAL STRATEGIC VALUE RESOLUTION

A regular meeting of the Board of Trustees of Northwestern Michigan College was held at the Oleson Center on the main campus of Northwestern Michigan College, on the 29th of September 2014, at 5:30 o’clock in the evening.

The meeting was called to order by Douglas S. Bishop, Chair.

Present: Douglas S. Bishop, K. Ross Childs, Cheryl Gore Follette, Susan K. Sheldon, Kennard R. Weaver

Absent: Robert T. Brick, William D. Myers

The following preamble and resolution were offered by Trustee Cheryl Gore Follette and supported by Trustee K. Ross Childs:

WHEREAS:

Michigan Public Act 196 of 2014, approved by Governor Snyder on June 24, 2014, originates from an omnibus public education bill passed by the Michigan Legislature that includes a $9,078,800.00 appropriation for Northwestern Michigan College. Among the components of the appropriations for all Michigan community colleges is performance funding based on “local strategic value,” which is defined in terms of three categories as shown below. Each category covers five standards of local strategic value, called “best practices.” The law requires the Northwestern Michigan College Board of Trustees to pass a resolution certifying that the college meets at least four out of five of the best practice standards under each of the three categories.

THEREFORE, BE IT RESOLVED THAT:

Northwestern Michigan College not only meets, but also exceeds the best practice standards required by the appropriations law, as the following table demonstrates.

Northwestern Michigan College Adherence to Best Practices Grid (PA 196)

<table>
<thead>
<tr>
<th>Best Practices by Category</th>
<th>Examples of Adherence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category A: Economic Development and Business or Industry Partnerships (must meet 4 of 5)</strong></td>
<td></td>
</tr>
<tr>
<td>(i) The community college has active partnerships with local employers including hospitals and health care providers.</td>
<td>Health Education Institute (HEI) with Munson Medical Center through which we partner in nursing education (clinical site for ADN and PN student rotations), professional development for staff (LEAN Healthcare), community education specifically related to wellness and nutrition programs, consultation regarding specialized needs for technical training such as CNA’s, surgical technologists.</td>
</tr>
<tr>
<td>Best Practices by Category</td>
<td>Examples of Adherence</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>(ii) The community college provides customized on-site training for area companies, employees, or both.</td>
<td>NMC’s Training Services provides various levels of programming as on-site customized training for area employees (in open enrollment training courses), or through direct programs for area companies. The NMC Training Services delivers training programs and consulting as a regional office for the Michigan Manufacturing Training Center (MMTC), as well as delivering $1.9 million dollars of specialized training through the Michigan New Jobs Training Program.</td>
</tr>
<tr>
<td>(iii) The community college supports entrepreneurship through a small business assistance center or other training or consulting activities targeted toward small businesses.</td>
<td>NMC is the host site for the NW Michigan Regional Entrepreneurship Collaborative (REC) which provides a common portal (NWM Business Atlas) for individuals and businesses seeking to locate small business assistance and training services.</td>
</tr>
<tr>
<td>(iv) The community college supports technological advancement through industry partnerships, incubation activities, or operation of a Michigan technical education center or other advanced technology center.</td>
<td>NMC is the home of the Parsons -Stulen M-TEC Center, with an emphasis on engineering technologies, manufacturing, renewable energy, construction technology, PLC certificate training, and robotics.</td>
</tr>
<tr>
<td>(v) The community college has active partnerships with local or regional workforce and economic development agencies.</td>
<td>NMC has a long-standing collaboration with the NW Michigan Council of Governments, hosts the Regional Entrepreneurial Collaborative (originally funded through a grant from DELEG/MEDC, is a member of the MMTC, and similar agencies. NMC is also a founding member of the Traverse Area Chamber of Commerce, Chamber EDC, and regional, state, and national organizations supporting workforce and economic development in the region.</td>
</tr>
</tbody>
</table>

**Category B: Educational Partnerships (must meet 4 of 5)**

<p>| (i) The community college has active partnerships with regional high schools, intermediate school districts, and career-tech centers to provide instruction through dual enrollment, concurrent enrollment, direct credit, middle college, or academy programs. | NMC actively engages local educational entities to provide early college programing. Additionally, NMC has a strong dual enrollment program for high school students and direct credit opportunities. |
| (ii) The community college hosts, sponsors, or participates in enrichment programs for area K-12 students, such as college days, summer or after-school programming, or science Olympiad. | NMC’s Extended Educational Services (EES) provides an annual <em>College for Kids</em> catalog, featuring week-long courses from K-12 students during the summer. Working with Traverse City Area Public Schools, TBA Intermediate School District, private and charter schools, NMC supports multiple activities that introduce K-12 students to higher education opportunities such as National Robotics competitions, Girl Tech, etc. |</p>
<table>
<thead>
<tr>
<th>Best Practices by Category</th>
<th>Examples of Adherence</th>
</tr>
</thead>
<tbody>
<tr>
<td>(iii) The community college provides, supports, or participates in programming to promote successful transitions to college for traditional age students, including grant programs such as talent search, upward bound, or other activities to promote college readiness in area high schools and community centers.</td>
<td>NMC regularly engages the English and math teaching staff in educational institutional partners in order to align secondary curriculum with post-secondary curriculum in English and math preparing high school students for college. NMC Learning Services assists in providing college placement testing in the high schools to inform students of readiness. NMC promotes continued pursuit of higher education through its Commitment Scholarship directed at first generation students in middle school.</td>
</tr>
<tr>
<td>(iv) The community college provides, supports, or participates in programming to promote successful transitions to college for new or reentering adult students, such as adult basic education, GED preparation and testing, or recruiting, advising, or orientation activities specific to adults.</td>
<td>Through collaboration with Michigan Works!, NMC offers activities specifically designed for new and returning adult learners. Examples of expanded services are the testing prep and certified testing services through the NMC Student Success center and the Pro-metric testing center located at the Parsons-Stulen building, Aero-Park Campus.</td>
</tr>
<tr>
<td>(v) The community college has active partnerships with regional 4-year colleges and universities to promote successful transfer, such as articulation, 2+2, or reverse transfer agreements or operation of a university center.</td>
<td>At NMC’s University Center, the community has access to education opportunities beyond the Associate level in undergraduate and graduate level degree programs offered by eight university partners. NMC has transfer guides in place and articulation agreements in addition to reverse transfer agreements with ten (10) institutions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category C: Community Services (must meet 4 of 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) The community college provides continuing education programming for leisure, wellness, personal enrichment, or professional development.</td>
</tr>
<tr>
<td>(ii) The community college operates or sponsors opportunities for community members to engage in activities that promote leisure, wellness, cultural or personal enrichment such as community sports teams, theater or musical ensembles, or artist guilds.</td>
</tr>
<tr>
<td>(iii) The community college operates public facilities to promote cultural, educational, or personal enrichment for community members, such as libraries, computer labs, performing arts centers, museums, art galleries, or television or radio stations.</td>
</tr>
<tr>
<td>Best Practices by Category</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(iv) The community college operates public facilities to promote leisure or wellness</td>
</tr>
<tr>
<td>activities for community members, including gymnasiums, athletic fields, tennis</td>
</tr>
<tr>
<td>courts, fitness centers, hiking or biking trails, or natural areas.</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Ayes: K. Ross Childs, Cheryl Gore Follette, Susan K. Sheldon, Kennard R. Weaver, Douglas S. Bishop

Nays: None

Resolution declared adopted.

[Signature]
Susan K. Sheldon, Secretary
Board of Trustees

The undersigned duly qualified and acting Secretary of the Board of Trustees of Northwestern Michigan College, hereby certifies that the foregoing is a true and complete copy of a resolution adopted by the Board at a regular meeting held on September 29, 2014, the original of which resolution is a part of the Board’s minutes and further certifies that notice of the meeting was given to the public under the Open Meeting Act, 1976 PA 267, as amended.

[Signature]
Susan K. Sheldon, Secretary
Board of Trustees
NMC operations contribute $130.9 M annually in total sales of goods and services in the 10 County Region.

Recently, NMC completed an analysis of our economic presence in the communities we serve. We last conducted this type of research in 2009. This newest study utilizes a different methodology from past studies that, while more conservative in its approach, offers ongoing value to the College in the form of a robust planning tool.

This memo provides a high level summary of the conclusions from the analysis as well as offers ideas about how members of the NMC community can utilize these results.

**High Level Findings**

With this most recent economic analysis, two aspects surfaced as primary considerations in selecting the W.E. Upjohn Institute for Employment Research for this work. Those components were:

- **Economic Presence Analysis** – the level of annual activity generated in the region because of NMC’s ongoing operations, the consumer expenditures of our students, and the indirect expenditures associated with this consumption. As part of this work, the College was interested in being able to compare results between study years. Upjohn offered a low cost way of updating the model annually for up to five years as well as maintaining the ability to compare results by model year.

- **Ongoing Value** – NMC was interested in developing a model that could be used in our region by the College as well as other entities to understand economic impact. Upjohn’s methodology included the development of an economic forecasting model to be used by NMC and regional planners for the benefit of the region.

The input data for this analysis were based on NMC’s $55 M operating budget for FY’13, $9.1 M in property taxes collected in that same year, 4,847 for credit students (fall ’12) and 1,101 full and part time employees including adjunct faculty, supplemental and student employees for the 2012 calendar year. NMC typically employs between 650-700 full and part time employees at any given time. However, the full year figure is higher, and the latter figure is utilized in this analysis which ties to NMC’s annual payroll.
High level conclusions included:

The economic presence of Northwestern Michigan College contributes $130.9 million in total sales annually, $62.6 million in personal income annually, and supports 1,822 jobs in the 10 County Region.

On average, each employee of the College (full and part time) supports:

- 0.6 additional job positions in the region
- $118,900 in total sales
- $56,900 in total personal income of residents living in the region

The students who attend Northwestern Michigan College or another institution where they earn an associate degree can expect a significant increase in their lifelong earnings\(^1\).

- Individuals holding an associate degree in Northern Michigan had a low 3.8 percent unemployment rate in 2012 (most current data available) compared to a high 14.9 percent rate for those with only a high school diploma.
- Annual earnings for associate degree holders in Northern Michigan were $7,690 higher than for individuals with only a high school diploma ($31,800 vs. $24,110 in 2012). This amounts to additional average lifetime earnings of the associate degree holder of $460,000 over someone with a high school diploma.

Beyond economic presence that can be reasonably quantified, NMC contributes to the community in ways that are not easily reduced to dollars and cents.

- **NMC Graduates.** Adding credentialed, trained members of the workforce improves business competitiveness for companies in our region.

<table>
<thead>
<tr>
<th>Year</th>
<th>ASA</th>
<th>AAS</th>
<th>ADN</th>
<th>AGS</th>
<th>CA</th>
<th>Total NMC Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2009</td>
<td>209</td>
<td>147</td>
<td>65</td>
<td>52</td>
<td>38</td>
<td>511</td>
</tr>
<tr>
<td>2009-2010</td>
<td>271</td>
<td>172</td>
<td>64</td>
<td>49</td>
<td>84</td>
<td>640</td>
</tr>
<tr>
<td>2010-2011</td>
<td>315</td>
<td>200</td>
<td>73</td>
<td>90</td>
<td>127</td>
<td>805</td>
</tr>
<tr>
<td>2011-2012</td>
<td>352</td>
<td>109</td>
<td>81</td>
<td>120</td>
<td>162</td>
<td>905</td>
</tr>
<tr>
<td>2012-2013</td>
<td>348</td>
<td>198</td>
<td>72</td>
<td>147</td>
<td>115</td>
<td>880</td>
</tr>
</tbody>
</table>

- **Counter-seasonal Benefits.** The College brings increased economic activity to the region during times of the year which are opposite the region’s heavier tourism seasons.
- **Cultural Vitality and Attractiveness.** NMC’s contributions to the cultural community have been and continue to be significant with the presence of the Dennos Museum and other programming that enriches the communities we serve.

**Using the Results**
The results of this study have the power to change how we listen to our communities as well as how we talk with them about our role in the economic health of this region.

\(^1\) These data are not specific to NMC students but rather to individuals living in Northern Michigan who have earned an associate degree from NMC or some other institution. Source: Ruggles et al, IPUMS USA 2012.
This analysis provides evidence of NMC’s significant economic contribution in this region.

- NMC’s FY’13 budget totaled $55M however our economic presence in that year led to $130.9M in total sales of goods and services in the 10 County Region.
- NMC employed 1,101 full and part time employees in 2012\(^2\) and an additional 721 jobs exist in the 10 County Region because of NMC’s presence for a total regional employment impact of 1,822 jobs.

NMC generates economic value beyond the resources that go into operating the College - we are a net positive investment.

The report also demonstrates the value of a college degree in general and the value of the associate degree in particular. Having an associate degree in Northern Michigan in 2012 offered the benefits of both a vastly lower unemployment rate than those with only a high school diploma or less and higher incomes compared to these same groups. Higher salaries compound over ones career making even moderate differences significant over the long term. Completing a college credential is important to the individual and to this community.

The Upjohn analysis shows that NMC is active and contributing to the health of the manufacturing sector in our region. In addition to offering credentials of value in technical fields, NMC’s Training division, associated with the Michigan Manufacturing Technology Center (MMTC), also contributes significantly to meeting the needs of this industry sector. Training’s efforts in 2012 helped contribute 182 jobs, $35.2M in increased total sales and $14.7M in increased Gross Regional Product to the 10 County Region.

**Economic Forecasting Model**

As mentioned earlier, NMC was interested in investing in a model that could be used by others in our community to assess economic outcomes of different actions. The Upjohn Institute methodology uniquely supported this intent and yielded an economic forecasting model with ongoing value to the College and the community. Their approach is based on the use of the Regional Economic Modeling Inc. (REMI) forecasting tool which was developed for the 10 County Region in order to calculate economic presence. REMI is a robust and extremely flexible model that provides both baseline forecasts for the region and the ability to generate alternative forecasts in population, employment, personal income, economic valued add, and average earnings across hundreds of industries and occupations.

NMC has reached out to those who engage in planning as part of their work to provide information about the REMI model. The relationship with the Upjohn Institute to access the model for our region going forward resides with NMC. Regional groups and organizations who wish to utilize the forecasting capabilities of our regional REMI model can do so by making their requests through NMC.

**Additional Resources**

The full economic study report is available here: [https://intranet.nmc.edu/depts/orpe/data/Benchmarking%20Data/index.html](https://intranet.nmc.edu/depts/orpe/data/Benchmarking%20Data/index.html)

Questions about this study can be directed to Karen Ruedinger in the Office of Research, Planning and Effectiveness at krueinger@nmc.edu or by calling 5-1032.

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\(^2\) This figure is a year-end total of all individuals employed at some point in the calendar year including regular staff – full and part time, adjunct faculty, supplemental employees and student workers. NMC employed 314 regular, full-time employees and 294 adjunct instructors teaching for-credit courses in 2012.
## Northwestern Michigan College
**APPROVED BUDGET**
**YEAR ENDING JUNE 30, 2015**

### College General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Sources</td>
<td>$32,844,508</td>
<td>$33,230,150</td>
</tr>
<tr>
<td>State Sources</td>
<td>8,838,600</td>
<td>9,094,919</td>
</tr>
<tr>
<td>Federal Sources</td>
<td>524,000</td>
<td>524,000</td>
</tr>
<tr>
<td>Private Sources</td>
<td>277,000</td>
<td>345,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>358,000</td>
<td>274,000</td>
</tr>
<tr>
<td>Other Sources</td>
<td>310,450</td>
<td>298,250</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>43,152,558</td>
<td>43,766,319</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>21,682,474</td>
<td>21,750,527</td>
</tr>
<tr>
<td>Benefits Regular</td>
<td>8,810,257</td>
<td>9,411,686</td>
</tr>
<tr>
<td>S&amp;B changes not included in HR</td>
<td>(402,422)</td>
<td>(420,000)</td>
</tr>
<tr>
<td>Purchased Services</td>
<td>2,161,469</td>
<td>2,146,843</td>
</tr>
<tr>
<td>Supplies &amp; Materials</td>
<td>2,916,909</td>
<td>2,826,561</td>
</tr>
<tr>
<td>Internal Services</td>
<td>78,990</td>
<td>87,940</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>1,603,981</td>
<td>1,632,958</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>1,727,379</td>
<td>1,732,229</td>
</tr>
<tr>
<td>Maintenance &amp; Renovation</td>
<td>1,201,799</td>
<td>1,370,459</td>
</tr>
<tr>
<td>Events/Trvl/Prof. Devel.</td>
<td>725,813</td>
<td>711,630</td>
</tr>
<tr>
<td>Capital Outlay (COAT)</td>
<td>307,265</td>
<td>260,338</td>
</tr>
<tr>
<td>Capital Plant Funding</td>
<td>999,650</td>
<td>1,099,647</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>41,813,564</td>
<td>42,610,818</td>
</tr>
</tbody>
</table>

|                      |                  |                           |
| Transfers            | 1,302,596        | 1,155,501                 |
| **Revenues Over (Under) Expense** | $36,398 | $- |
Northwestern Michigan College

Expenditures Comparison by Source

General Fund Budget
Northwestern Michigan College

Expenditures Comparison to Revenue

General Fund Budget
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<tr>
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To: Timothy J. Nelson, President
From: Vicki Cook, Vice President Finance and Administration
Date: June 18, 2014
Subject: Michigan Community College Tuition Comparison

Please find attached two spreadsheets providing a comparison of NMC’s in-district tuition to all community colleges within Michigan. Because the percentage of revenue sources varies for each college, it is important to compare NMC’s rate to colleges with similar sources of revenue.

Some key highlights to each of the attachments.

**Attachment A - Comparison of In-District Tuition only**

a. NMC’s average percentage increase since 2009 is the second lowest at 2.76%
b. In-district tuition remains in the lower tier of the community colleges with NMC ranking 5th lowest of the 28 community colleges
c. NMC’s increase in 2013 was the third lowest of the 28 community colleges

**Attachment B - Gibson survey comparison of In-District Tuition and related fees**

The Gibson survey is designed to compare a set of core classes and all associated fees to all 28 community colleges. An important factor when comparing colleges in this survey is to look at the colleges with similar percentages in sources of income. NMC is one of five colleges receiving over 50% of their revenue from tuition and fees. Within this group, our overall cost for these core classes was the second lowest. Our cost over tuition of 140% is in the middle of the group.

Overall, NMC’s tuition and fees ranked 13th among all Michigan community colleges. Our rate increase last year, including fees in these select courses, was the lowest of all 28 community colleges.
# All Community Colleges

## For Years 2009-2013

### In District Tuition History

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<th>College</th>
<th>Basis</th>
<th>2009</th>
<th>% of Fall</th>
<th>2010</th>
<th>% of Fall</th>
<th>2011</th>
<th>% of Fall</th>
<th>2012</th>
<th>% of Fall</th>
<th>2013</th>
<th>% of Fall</th>
<th>Average % change</th>
<th>Since 2009</th>
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Sorted highest to lowest for average % change

02.19.14
# MCCBOA

Gibson Survey of Cost Fall 2013

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<th>(a) Survey Cost</th>
<th>Credits</th>
<th>Cost per Credit</th>
<th>Cost per Credit</th>
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<tr>
<td>Washitaw</td>
<td>91.00</td>
<td>1,620.00</td>
<td>15</td>
<td>108.00</td>
<td>106.00</td>
<td>1.9%</td>
<td>118.7%</td>
<td></td>
</tr>
<tr>
<td>Kellogg</td>
<td>89.50</td>
<td>1,484.60</td>
<td>14</td>
<td>106.04</td>
<td>99.59</td>
<td>6.5%</td>
<td>118.5%</td>
<td></td>
</tr>
<tr>
<td>West Shore</td>
<td>86.00</td>
<td>1,365.00</td>
<td>13</td>
<td>105.00</td>
<td>101.77</td>
<td>3.2%</td>
<td>122.1%</td>
<td></td>
</tr>
<tr>
<td>Macomb</td>
<td>89.00</td>
<td>1,567.00</td>
<td>15</td>
<td>104.47</td>
<td>96.33</td>
<td>8.5%</td>
<td>117.4%</td>
<td></td>
</tr>
<tr>
<td>Kalamazoo</td>
<td>88.00</td>
<td>1,310.00</td>
<td>14</td>
<td>93.57</td>
<td>87.57</td>
<td>6.9%</td>
<td>106.3%</td>
<td></td>
</tr>
<tr>
<td>Oakland</td>
<td>76.40</td>
<td>1,149.60</td>
<td>14</td>
<td>82.11</td>
<td>77.11</td>
<td>6.5%</td>
<td>107.5%</td>
<td></td>
</tr>
</tbody>
</table>

| Average             | $94.89       | $1,777.81       | 14.25   | $124.73         | $116.81        | 6.8%       |                   |                |
| High                | $117.23      | $2,571.25       |        | $171.42         | $163.20        | 6.8%       |                   |                |
| Low                 | $76.40       | $1,149.60       |        | $52.11          | $77.11         |           |                   |                |

(a) Survey cost was based on the following courses:
Introduction to Biology, Introduction to Psychology, Intermediate Algebra, English Comp

Sorted by Fall 2013 per credit cost
NORTHEASTERN MICHIGAN COLLEGE
Board Meeting Dates January 2015 through June 2016
(Fourth Monday of each month except where noted)

2015

January 26, 2015 - Oleson Center Room A/B, 1881 College Drive
February 23, 2015 - Oleson Center Room A/B, 1881 College Drive
March 23, 2015 - NMC Hagerty Center, Great Lakes Campus, 715 E. Front Street
April 20, 2015 - Oleson Center Room A/B, 1881 College Drive (3rd Monday)
May 18, 2015 - Oleson Center Room A/B, 1881 College Drive (3rd Monday)
June 22, 2015 - Great Lakes Campus Room 112, 715 E. Front Street
July 27, 2015 - Great Lakes Campus Room 112, 715 E. Front Street
August 24, 2015 - Great Lakes Campus Room 112, 715 E. Front Street
September 28, 2015 - Oleson Center A/B, 1881 College Drive
October 26, 2015 - Oleson Center A/B, 1881 College Drive
November 23, 2015 - Oleson Center A/B, 1881 College Drive
December 21, 2015 - Oleson Center Room A/B, 1881 College Drive (3rd Monday)

2016

January 25, 2016 - Oleson Center Room A/B, 1881 College Drive
February 22, 2016 - Oleson Center Room A/B, 1881 College Drive
March 21, 2016 - NMC Hagerty Center, Great Lakes Campus, 715 E. Front Street (3rd Monday)
April 25, 2016 - Oleson Center Room A/B, 1881 College Drive
May 23, 2016 - Oleson Center Room A/B, 1881 College Drive
June 27, 2016 - Great Lakes Campus Room 112, 715 E. Front Street

Regular Meetings begin at 5:30 p.m. unless otherwise noted.