



Jackson College Board of Trustees

Monitoring Report:
EL – 03 Planning

[FULL COMPLIANCE]

Note: Board Policy is indicated in bold typeface throughout the report.

I present this monitoring report to the Jackson College Board of Trustees which addresses the Board's Policy EL-03: "Planning". I certify that the information contained herein is true and represents compliance, within a reasonable interpretation of the established policy, unless specifically stated otherwise below. Please note that all of my interpretations of the policy remain unchanged from the previous report, unless otherwise noted.

A handwritten signature in black ink, appearing to read "Daniel J. Phelan".

06.08.26

Daniel J. Phelan, Ph.D.
President and CEO

Date

POLICY STATEMENT:

The CEO shall not permit planning that allocates resources in a way that risks fiscal jeopardy or that is not aligned with achievement of the Board's ENDS. Further, without limiting the scope of the above statement by the following list, the CEO shall not:

- 1. Permit budget planning or College operations without a documented, multi-year strategy that can be expected to achieve a reasonable interpretation of the ENDS.**

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when the proposed new budget aligns with the current budget year, both appearing in the three-year pro-forma financial plan consisting of revenues and expenses presented each year to the Board.

I have further interpreted that compliance with this policy statement will be demonstrated when the CEO's Strategic Agenda, an evergreen planning document, consisting of 18 months of goals, strategies, and tactics, demonstrates a clear alignment from the ENDS policies, through to operational priorities assigned to the

Leadership Council, which, in sum, is responsible for the bulk operational activity of the College.

This interpretation is reasonable because the use of a strategic planning document and three-year proforma budget data are traditional tools used in the achievement of Board policy directives in the higher education industry.

EVIDENCE:

The VP, Student Achievement & Financial Services confirmed on 05.26.26 that the Strategic Agenda is listed on the College's intranet. Additionally, the CFO confirmed that the FY 2027 budget book will include a 3-year pro-forma and will be presented at the 06.08.26 Board of Trustees meeting. The inclusion of the current budget year within the 3-year pro-forma demonstrates alignment between the proposed budget and the College's multi-year financial plan.

1.1 Permit financial planning without a projected multi-year (no less than five years) facilities master plan.

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when the College's five-year facilities master plan is included in the Budget preparation documents used as a basis for determining priorities in a current year, with the understanding of the potential for changing economic conditions, as well as available funding.

This interpretation is reasonable because the five-year master plan is folded into the Board approved budget and is codified in distributed form for Board inspection.

EVIDENCE:

The VP, Student Achievement & Financial Services confirmed on 05.26.26 that the five-year master plan was presented at the Board of Trustees meeting on 03.09.26 by the VP, Student Achievement & Enterprise Services. The five-year master plan was incorporated into the FY 2027 budget preparation documents and used as a basis for determining capital and facilities-related priorities.

2. Permit financial planning that omits credible projection of revenues and expenses, separation of capital expenditures and operational expenses, cash flow projections, prior year comparisons, and disclosure of planning assumptions.

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when, as noted in 2.1 (separation of capital expenditures), as well as the following:

- a) Projected revenues from tuition and fees are based on a regression analysis of historical enrollment, adjusted against current events, and the CEO's initiatives.
- b) Housing revenues are derived from prior year application analysis, adjusted following consideration of actual and/or potential impactful, societal events.
- c) Property tax revenue is derived from property valuations, less the Headlee rollback effects on our millage rate.
- d) State Appropriations revenue assumptions are derived from information provided by my analysis following a review of state projections and consideration of a likely state budget outcome, given that our College budget needs to be approved by the Board fully three months before the State budget is required to be completed.
- e) Contract training revenue, performing arts activity, miscellaneous revenue, and Transfers Revenues are derived from historical activity.
- f) Hospitality Services revenue is derived from housing occupancy assumptions, based on the sale of a student residence mandatory meal plan, and catering services.
- g) Wages, Retirement and Benefit expense are derived from the current staffing roster, adjusted for labor agreement requirements, changes in State and Federal requirements, as well as the addition of new staff to the budget.
- h) Services – Staffing Agency, Services, Materials, Rent, Utilities, Insurance and Other operating costs are derived from historical trends, adjusted for current revenue assumptions.
- i) Transfers-Debt Services is derived from our debt repayment schedule for the required payments on outstanding obligations that year.
- j) Capital Equipment & Transfers are derived by the residual income over expenses after all other expenses are planned.
- k) The budget book includes five-year facilities plan for capital expenditures.
- l) Cashflow projections are prepared and reviewed with the Leadership Council, while ensuring the satisfaction of the Board requirements of two-month's operating on hand.
- m) The budget book includes major planning assumptions.

This interpretation is reasonable because all budget items are derived in a manner which is comparable to budget planning processes used in other community colleges of comparable size.

EVIDENCE:

a-m) The VP, Student Achievement & Financial Services confirmed on 05.26.26 that interpretations 2a through 2m are reflected in the FY 2027 budget proposal to be presented to the Board of Trustees on 06.08.26, as documented in the budget book. The five-year master plan was presented at the 03.09.26 Board meeting by the VP, Student Achievement & Enterprise Services.

2.1 Omit in the annual operating budget adequate provision for plant and facilities maintenance, electronic and institutional equipment and program and course development, staff development and institutional research.

2.1.1 Unless otherwise approved by the Board, provide less than the amount required to address critical deferred maintenance.

2.1.1.1 Less than 4.5% of the total operating budget allocated for plant and facilities maintenance.

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when the total amount of plant transfers budgeted, debt, and/or transfers at year end, are at least 4.5% of the budgeted operating revenues.

This interpretation is reasonable because the Board of Trustees has opportunity to review and approve the budget at the beginning of the year, as well as any year-end budget adjustments, by the end of the fiscal year, for evidence of compliance with this numerical threshold.

EVIDENCE:

The VP, Student Achievement & Financial Services confirmed on 05.26.26 that the combined allocations for plant transfers and debt service in the FY 2027 budget proposal will exceed the 4.5% threshold of budgeted operating revenues, as will be documented in the budget book presented to the Board of Trustees on 06.08.26.

2.1.1.2 Less than 3.5% allocated for technology and institutional equipment.

INTERPRETATION:

Directly or indirectly related technology and institutional equipment are part of the capital budget. Compliance will be demonstrated when the total for technology and institutional equipment is included in the 3.5% of the operating budget planned for capital equipment, year-end transfers, and debt.

This interpretation is reasonable because the Board of Trustees has opportunity to review and approve the budget at the beginning of the year, as well as any year-end budget adjustments, by the end of the fiscal year, for evidence of compliance with this numerical threshold.

EVIDENCE:

The VP, Student Achievement & Financial Services confirmed on 05.26.26 that allocations for technology and institutional equipment in the FY 2027 budget proposal will exceed the 3.5% threshold of budgeted operating revenues, as will be documented in the budget book presented to the Board of Trustees on 06.08.26.

Planned allocations include \$23,500 in capital equipment, \$150,000 in audiovisual equipment, \$445,107 in computer equipment, \$63,000 in facilities equipment, \$12,251 in security equipment, \$27,000 in hospitality equipment, \$72,700 in athletic equipment, and \$2,288,815 for software. Additionally, Perkins grant funding provides an additional source for instructional equipment purchases.

- 3. Permit financial planning that does not provide the amount of operating funds determined annually by the Board for its direct use during the year to ensure Board advancement and competent governance of the College, such as costs of fiscal audit, Board development, Board and committee meetings, Board legal fees, and Ownership linkage.**

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when the budget account for the Board's direct use is identified as a separate department within the overall College.

This interpretation is reasonable because the Board has opportunity to review and approve the adoption of the annual operating budget.

EVIDENCE:

The VP, Student Achievement & Financial Services confirmed on 05.26.26 that the Board of Trustees has a dedicated budget identified as a separate department within the overall College budget, as documented in the FY 2027 budget book to be presented to the Board of Trustees on 06.08.26.

- 4. Allow an annual operating budget in which more funds are to be dispersed than are conservatively projected to be received.**

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when the projected year-end income over (under) expenses is zero or greater.

This interpretation is reasonable because the Board of Trustees receives and regularly has opportunity to review monthly financial reports on the College's financial activity,

as well as audited financial reports for evidence of compliance with this policy item.

EVIDENCE:

The VP, Student Achievement & Financial Services confirmed on 05.26.26 that a balanced FY 2027 budget will be presented to the Board of Trustees on 06.08.26. Once approved, the budget will be available on the College's transparency webpage.

5. Permit planning that endangers the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve ENDS in future years.

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when budget plans for the board include future years projections that are fiscally viable, as well as the following.

- a) Labor contracts do not incur long-term future financial commitments that are not provided for in our three-year pro-forma; and Borrowing (i.e., debt service) does not exceed 10% of annual operating expenses.

This interpretation is reasonable because the Board receives annual budget planning documents which include elements of fiscal soundness, (which is consistent with the historical threshold previously used by the Board), debt services, and projected outcomes of negotiated contracts in those years when union contracts are expired.

EVIDENCE:

- a) The VP, Student Achievement & Financial Services confirmed on 05.26.26 that the FY 2027 budget proposal includes a three-year pro-forma reflecting known and estimated cost increases associated with labor agreements, as documented in the budget book to be presented to the Board of Trustees on 06.08.26.
- b) The VP, Student Achievement & Financial Services confirmed on 05.26.26 that projected debt service, as reflected in the three-year pro-forma, is expected to remain below the 10% threshold of annual operating expenses.

5.1 Operate without succession plans to facilitate smooth operations during key personnel transitions and ensure competent operation of the organization over the long-term.

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when

- a) Each Leadership Council Member has identified, to the College CEO, an interim successor.
- b) Each Council Member Successor is provided current operational information and has the opportunity to fill the responsibilities of the position from time to

time.

- c) Each Council Member Successor is aware of their responsibility to the operations of the College and the Leadership council.

This interpretation is reasonable because it monitors succession planning at the appropriate levels of the organization and is a consistent practice among other community colleges.

EVIDENCE:

The VP, Student Achievement & Financial Services confirmed that on 05.28.26 the Chief of Staff & Governance Liaison requested updated 2026 Annual Succession Plans from all Executive Council members to be submitted to the President's Office by 06.02.26 for review and retention.

5.2 Permit the College to be without sufficient organizational capacity and current information about CEO and Board issues and processes for the competent operation of the organization to continue in the event of sudden loss of CEO services.

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when, (partially as noted in 5.2.1) as well as the following:

- a) Minutes of the Leadership Council confirm that it regularly discusses current operations of the organization.
- b) The Leadership Council understands how the organization is evaluated under Policy Governance and is involved in the development of Board Monitoring Reports.
- c) Performance Management Interviews (PMIs) between the Leadership Council member and their direct reports reveal discussions of larger operations in the area under supervision, as well as discussion of leadership growth and a pathway for doing so.

The interpretation is reasonable because it covers the two areas critical to continuity of the CEO's role; Operations of the College and support of the Board's assessment of organization performance. Further, PMI meetings, with direct reports, are a requirement of all Leadership Council Members which assess competence and promotes continuous professional development.

EVIDENCE:

- a) The VP, Student Achievement & Financial Services confirmed on 05.26.26 that Executive Council meetings regularly include discussion of current College operations, including during Strategic Planning and Strategic Agenda sessions.

- b) The VP, Student Achievement & Financial Services confirmed on 05.26.26 that Executive Council members continue to support the development of Board Monitoring Reports by providing evidence aligned to Policy Governance requirements.
- c) The Director of Human Resources on 06.01.26 confirmed that Performance Management Interviews (PMI) are required to be completed by all administrative supervisors on a quarterly basis. This is an opportunity for open conversation between employees and their supervisor. Training has been provided to supervisors and advisement to supervisors to record highlights of PMI meetings on NEOED in the Journal Entry portion.

5.2.1 Prepare no fewer than two College executive staff to assume operation of the organization for a Board determined interim period.

INTERPRETATION:

I have interpreted that compliance with this policy statement will be demonstrated when (assuming that “*the assumption of the operation of the organization*” language includes the same authority and responsibility as the CEO):

- There is a documented succession plan with two named Leadership Council members that delineate the respected authorities and responsibilities of the CEO, for which each person is accountable during a temporary absence of the CEO of less than 6 months.
- When the two named successors, as determined by the CEO, are shared, in order, with the Board of Trustees.
- When the two named successors confirm their knowledge of their role as successor, and their responsibilities and accountabilities in the event of an absence.
- When the two named successors are required to attend monthly Board Meetings, Planning Sessions, and receive appropriate Board communications.

The interpretation is reasonable because it supports the Board’s ability to apply policy BMD-5 President & CEO Succession.

EVIDENCE:

The VP, Student Achievement & Financial Services confirmed that on 05.28.26 the Chief of Staff & Governance Liaison requested updated 2026 Annual Succession Plans from all Executive Council members, including identification of successors and related responsibilities, to be submitted to the

President's Office by 06.02.26.

The Jackson College Board of Trustees assessed this monitoring report and found that it demonstrated full compliance with a reasonable interpretation of the policy at the regular Jackson College Board meeting on June 8, 2026.