



Jackson College Board of Trustees

Monitoring Report: EL – 11 Entrepreneurial Activity

Report Date: 03.11.24

Compliance Status: Fully Compliant

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

I hereby present to the Jackson College Board of Trustees this monitoring report which addresses the Board's Executive Limitations Policy: "Entrepreneurial Activity", according to the schedule previously defined and approved by the Board. I certify that the information contained herein is true and represents compliance, within a reasonable interpretation of the policy, which the Board has previously approved, unless specifically stated otherwise.

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

03.11.24

Date

POLICY STATEMENT: When engaging in entrepreneurial activities the CEO shall not engage in such activities that is/are inconsistent with the ENDS of the Board.

INTERPRETATION:

I interpret this broad policy statement to require the CEO to ensure that a congruency exists between the Board's current ENDS policy statements and any undertaken partnerships, practices, or other arrangements, and further that such practices are consistent with those practices of the community college mission. I further interpret "entrepreneurial activities" to represent those activities that are new, financially risky, and significantly tangential to the traditional functions and practices of a community college.

This interpretation is reasonable because it is consistent with the practices of community colleges nationally.

Further, without limiting the scope of the above statement by the following list, the President shall not:

- 1. Engage in any entrepreneurial activities for which the full cost of the activity is not budgetarily recognized.**

INTERPRETATION:

I interpret entrepreneurial activities as existing in two categories, Revenue-Enhancement and Mission-Support, which are defined as follows:

Revenue-Enhancement Activities – The process of acquiring, or designing, launching, and operating a new activity or operation at the College, which may not be consistent with the tri-fold mission of a traditional community college (i.e. Pre-baccalaureate/Transfer Education, Professional Trades/Career Education, and Community Services), and which offers a product, process, or service for sale, resulting in an alternative revenue generation, beyond the traditional sources (i.e., tuition & fees, state aid, and local property taxes) and which is intended to sustain and/or grow the College; and

Mission-Support Activities – Undertaking pursuits that are aligned with the aforementioned tri-fold mission of the College, and assist in the achievement of its mission and, by extension, Board ENDS. These activities may include grant-funded opportunities and are not intended as revenue-enhancement opportunities.

Compliance will be demonstrated when:

- a) A business plan is prepared, prior to the undertaking of any new entrepreneurial activity;
- b) All Revenue-Enhancement Activities show a positive revenue expense ratio (i.e., a revenue expense ratio greater than 1.0 indicates the activity is covering its operating expenses and providing surplus revenue) after a five-year period;
- c) All budgeted Mission-Support Activities incorporate the use of an activity-costing model, demonstrating financial ratios that indicate neutral or near-neutral operational revenue to cost comparisons, consistent with peer institutional experience in Michigan ACS Group II colleges; and
- d) All budgeted Mission-Support Activities initiated through grant funding, must contemplate initial match support, as well as ongoing general fund support following the grant period, should the experience during the grant funded period be deemed viable.

This interpretation is reasonable because the College is budgeting for the full burden cost into entrepreneurial activities, which is consistent with the standard principles of cost accounting. Further, Revenue-Enhancement activities require demonstration of revenues in excess of total expenses (i.e., profitability), or they are concluded after a period of 5 years. Finally, ASC Group II institutional comparisons are the State's methodology for contrast of operational activity.

EVIDENCE:

- a) The College's CFO confirmed on 02.28.24 that, prior to FY '22, though analyses were conducted, no formal business plans were created or maintained. Beginning in FY '22, new business plans are being generated and retained by the College's Business Office. To date no new business plans have been generated since the beginning of FY '23.
- b) The CFO confirmed on 02.28.24 that all ancillary activities were considered in projections for fully-burdened expenses, and annual revenues over expenses as noted in the table below with relevant Revenue: Expense ratios.

Activity	Activity Type	Revenue/Expense Ratio
Child Care	Mission-Support	1.90
Jets Store	Mission-Support	0.43
Hospitality Services	Mission-Support	0.41
Oasis Center	Mission-Support	N/A
Medical Clinic	Mission-Support	0.02
JPEC	Mission-Support	2.84
TRIO	Grant-Based Mission Support	0.97
Perkins	Grant-Based Missions Support	0.96

2. **Engage in entrepreneurial activities that do not meet at least one of the following criteria:**
 - **Contributes directly to the achievement of ENDS;**
 - **Contributes to alignment and partnerships with community organizations;**
 - **Enhances student learning opportunities;**
 - **Strengthens the position of the College as an innovative leader and as a member of the League for Innovation, particularly in areas that may provide new market opportunities;**
 - **Provides an opportunity to generate new revenue streams that do not distract from the achievement of ENDS; and**
 - **Generates revenue from alternative sources that support the sustainability of the College and supports a business model redesign.**

INTERPRETATION:

Compliance will be demonstrated when:

- a) All undertaken entrepreneurial activities are consistent with the criteria listed in policy.
- b) At least one of the six aforementioned thresholds are achieved and documented.

This interpretation is reasonable because the Board has identified specific criteria to be met and the criteria will provide explicit demonstration of compliance with the criteria.

EVIDENCE:

As prepared by the CFO during February 2024, the table below provides all entrepreneurial and mission-support activities to ensure they meet at least one of the six criteria noted above.

<u>Activity</u>	<u>All Applicable Criteria</u>	<u>Specific rational for the criteria</u>
Child Care	Directly contributes to achievement of ENDS E-01 (3.3)	Research continues to demonstrate that the absence of childcare is a barrier to parents seeking to pursue higher education.
Jets Store	Directly contributes to achievement of ENDS E-01 (3.3).	Access to resources that students need (e.g., books, supplies, computers, & sundry items, Amazon package pick up and return) are important, particularly since the College has resident students and the Central Campus is some distance from resources they may need as well as allowing for usage of the meal plan. The installation of Amazon lockers contributes to community outreach and use of the stores resources.

Hospitality Services	<p>Directly contributes to achievement of ENDS E-01.</p> <p>Generates revenue from non-traditional sources in order to ensure the ongoing viability of the institution through a new business model design; Provides an opportunity to generate new revenue streams that do not distract from the achievement of ENDS; and Contributes to partnerships and alliances with community organizations;</p>	<p>Catering is an obvious revenue growth area for the College. This is beyond the traditional hospitality services for students' meal plans, meals for employees, and for other campus activities. Further, given that our catering services are now a College operation, versus an external vendor, our name and connection to the broader community is enhanced with the ability to represent the College at community events.</p>
Oasis Center	<p>Directly contributes to achievement of ENDS E-01 (3.3)</p>	<p>Mental wellness is a topic of increasing concern. Providing services to students to improve their mental health, and hopefully intercept instances of suicide, are important in our service to the whole student. This service is also available to our employees, as they too struggle with changing our new social realities.</p>
Health Clinic	<p>Directly contributes to achievement of ENDS E-01 (3.2; 3.3; 4.1)</p> <p>Enhances student learning opportunities</p>	<p>Physical well-being is vital to student learning. Furthermore, this clinic provides for clinical opportunities for nursing and allied health student's curricular requirements.</p> <p>Additionally, insofar as the College has a student residence program, proximity to health care is essential given that many students do not have reliable transportation, and the bus service available at the College may not meet particular, urgent student needs. This Clinic is also available to our College employees.</p>

JPEC	Directly contributes to achievement of ENDS E-01 (3.1; 3.2; 3.3; 5.3) JPEC positions the College as an innovative leader in areas that may provide new market opportunities.	Few community colleges nationally have a 6- 13 grade public school academy on their campus, yet research demonstrates that having a campus presence leads to more college-going behaviors. Further, JPEC's placement on the Central Campus provides multiple opportunities for dual-enrollment educational experiences. Further, over 100 JPEC students are dual enrolled at Jackson College, generating a median GPA of 3.5.
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3. Enter into any grant funding arrangement that does not support the achievement of the ENDS or contemplate required general fund matching and/or institutional scaling beyond the conclusion of the grant.

INTERPRETATION:

Compliance will be demonstrated when:

- a) When grant activities reveal a direct contribution to the achievement of Billing Contact Hours and Board Established ENDS.

This interpretation is reasonable insofar as grant applications disclose possible benefits that would accrue to the grant, if awarded, as well as any institutional match requirement. Indeed, most grants require that the College provide a narrative as to the need for the grant, use of funds, institutional goal for the grant, and plans for sustainability after the grant concludes.

EVIDENCE:

TRIO	122 students currently participate in the TRIO program, all of which 68 students register part- time or less and 54 register as full-time students, thereby generating 1,291 billing contact hours and 1,236 registered credits.	<p>The TRIO grant is awarded on a five-year cycle, with the annual budget being approved once a year in September based on the Jackson College TRIO grant and the US Department of Education approved overall budget.</p> <p>The TRIO Grant is able to serve 150 students total who are first generation college students or have a documented disability or who are income eligible based on the State of Michigan's poverty level (changes every year).</p> <p>TRIO will award between 20-25 students with grant aid, based on DOE qualifications. The total grant award to distribute is \$15,000.</p>
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The Jackson College Board of Trustees assessed this monitoring report and found that it demonstrated compliance with a reasonable interpretation of the policy at the regular Jackson College Board meeting on March 11, 2024.