



Jackson College Board of Trustees

Monitoring Report: EL – 13 Entrepreneurial Activity

Report Date: 03.08.21

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

This Executive Limitations - Entrepreneurial Activity Monitoring Report is presented to the Jackson College Board of Trustees for consideration. I hereby certify that the information contained in herein is true, accurate, and represents compliance, within my interpretation, for the policies established by the Board, unless specifically stated otherwise. Additionally, and unless otherwise noted within the report, all of my interpretations of the policy remain unchanged from the previous Monitoring Report.

03.08.21

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

Date

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

INTERPRETATION:

I report full compliance with this policy statement unless specified within the following report.

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:

- 1) 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.,

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

- 2) Mission-Support Activities – Undertaking pursuits that are aligned with the 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 incorporating 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) Prior to FY '22, though analyses were conducted, no formal business plans were created or maintained. Beginning in FY '22, new business plans will be generated and retained by the College’s Business Office.
- b – d) Confirmation that for all activities were considered by the CEO, in projections for fully-burdened expenses, and annual revenues over expenses.

Activity	Activity Type	Revenue/Expense Ratio
Child Care	Mission-Support	10.96
Bookstore	Mission-Support	10.97
Hospitality Services*	Revenue Enhancement	0.79

Oasis Center	Mission-Support	N/A
Medical Clinic	Mission-Support	0.03
JPEC	Mission-Support	1.65
DK Security	Mission-Support	N/A
TRIO	Grant-Based Mission Support	0.86
Perkins	Grant-Based Missions Support	0.76

*The Continental Services contract was terminated in December 2020 and Hospitality Services was moved to an in house operation, consequently revenues do not depict an entire 12 month period.

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, 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) When all undertaken entrepreneurial activities are consistent with the criteria listed in policy.
- b) When 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 and will provide explicit demonstration of compliance with the criteria:

EVIDENCE:

a – b) The table below provides of all entrepreneurial and mission-support activities to ensure they meet one of the above criteria.

Activity	All Applicable Criteria	Specific rationale for the criteria
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.
Bookstore	Directly contributes to achievement of ENDS E-01 (3.3).	Access to resources that students need (e.g., books, supplies, computers, & sundry items) are important, particularly since the College has residents and the Central Campus is distant from resources.
Hospitality Services	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;	Catering is an obvious opportunity to append to hospitality services for students' meal plans, and employees, in order to generate additional revenue. 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.
Oasis Center	Directly contributes to achievement of ENDS E-01 (3.3)	Mental wellness has been a topic of increased concern due, in part, to COVID. Providing services to students to improve their mental health, and hopefully intercept instances of suicide, are important in our service to the whole student.
Medical Clinic	Directly contributes to achievement of ENDS E-01 (3.2; 3.3; 4.1) Enhances student learning opportunities	Physical well-being is vital to student learning. Furthermore, this clinic provides for clinical opportunities for nursing and allied health student's curricular requirements. Finally, the College has a student residence program, thus, proximity to health care is essential given that many students do not have reliable transportation.
JPEC	Directly contributes to achievement of ENDS E-01 (3.1; 3.2; 3.3; 5.3) 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.
DK Security	Directly contributes to achievement of ENDS E-01 (3.3; 5.4)	The ability for students to learn in a safe environment is essential to learning, and is deemed vital given the number of evening classes, events, and for the benefit of student residents. The physical presence of security services at all instructional sites helps to reduce crime.

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 reveals a direct contribution to the achievement of Billing Contact Hours and Board Established ENDS.

EVIDENCE:

- a) The table below provides an analysis of all grant activity and associate billing contact hour activity and ENDS relationship.

Grant	BCH Contribution	Specific ENDS contribution
TRIO	74 students currently participate in the TRIO program, all of which are full-time, thereby generating 2,200 additional billing contact hours per year.	This grant provides funding annually from the USDOE, and has increased from year to year. The grant supports first-time, at-risk, and minority student populations which addresses ENDS #3 “Diverse populations of students experiencing learning and academic success responsive to their unique whole student needs”.
Perkins	N/A	