

## PPM 292: Appendix VII – Extension Cost-Recovery Guidance

**STEP 1:** Which Cost-Recovery mechanism should I employ (more than one can be used for each activity).

If any characteristic falls here, then contact Contracts & Grants	If any characteristic falls here, then contact Development Services	If not Contracts & Grants/Development Services, then use Extension Cost-Recovery/Participant Fee table below
Governmental Entities as funding source (federal, state or local)	No terms & conditions from sponsor	Conference, workshops, seminars
Sponsor has Terms and Conditions	Gift	Educational Program
Agricultural materials (soil, seeds, plant material, fertilizer) being transferred	Fundraising	Local Community Project (non-governmental source of funds)
Other Research/Education funds w/terms and conditions	Endowments	Non-Educational Activity (soil analysis, water testing, forage testing, plant analysis, stray voltage testing, farm record analysis, pest identification, and facility and equipment use.
	Sponsorships	Continuing Education
International Agreements	Research/Education wo/terms and conditions from sponsor	Funds from individual participants or companies

**STEP 2:** If one of your categories fall into Extension Cost-Recovery/Participant Fee Use the table below to determine which category your will use.

Extension Cost Recovery/Participant Fee Approaches		
Audience (A,B,C)	Category of Costs Recovered	Ex. Of Extension Activities
A. General public educational programs (for the good of all). Open access to information. Using public funds for public benefit	Out-of-pocket expenses, no recovery of time (salary or benefits).	

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<p>B. Various degrees of public-private educational programs-<b>targeted audiences</b> (for the good of few). Open access to information, limited restrictions. We must recover a portion of the public funds used for private benefit. Balancing test.</p>	<p>Out-of-pocket expenses, various levels of salary and benefits (preparation and delivery), travel expenses and speaker fees.</p>	<p>For Non-profit, community organizations, volunteer org, public value.</p>
<p>C. Restricted audience Restricted access to information (private good). Companies, certification credits. We must not use public funds for private benefit; therefore, we must recover full-costs.</p>	<p>Full costs recovered: expenses, salary + benefits from preparation and delivery, NUD (33%).Contract, honorarium/consulting fee.</p>	<p>Testing and Non-educational Activities/Services</p>

**STEP 3:** Open Budget & Cost-Recovery Worksheet to determine what price participants or sponsors will pay.

**STEP 4:** Read definitions, supporting policies and FAQs for a better understanding of Extension Cost-Recovery Principles located within this document.

### More Guidelines:

1. Participant fees for **public educational service** may **NOT** be charged for support costs covered by Smith-Lever funds such as office space, faculty and staff salaries, and building maintenance. Only charge incidental costs for public educational services.
2. Participant fees may **NOT** be charged over and beyond direct costs of the program in order to generate a reserve for the use of Extension personnel.
3. A Budget and Cost Recovery Worksheet shall be completed for each Extension hosted event (e.g., activity, camp, certificate program, workshop, etc.) for which fees will be charged. The completed worksheet should be maintained on file and available upon request.

### For transparency purposes please use the following statements for an event or activity:

- "A fee is charged for this Extension event to cover the basic costs of supplies. A limited number of scholarships are available to individuals unable to pay."
- For an event with food or beverage: "A portion of the registration fee covers the cost of refreshments." Or "The fee charged for this activity covers the cost of food and beverages."
- For a letter series or monthly newsletter: "A fee is charged for this Extension publication to cover the costs of printing and production. No person shall be denied access to the information provided through this source because of inability to pay."

Waivers are available for those who cannot pay the Participation fees.

### Principles supporting cost-recovery tools

7 CFR 3015, Subpart F, allows recipients of assistance to charge user fees that then will be counted toward program income. **However, the imposition of user fees for core Extension education programs is inconsistent with the statutory purposes of the Smith-Lever Act. Therefore, user fees may not be charged for educational services especially if the proceeds are to be used to augment the operational cost of the Cooperative Extension Services in substitution of State appropriations for that purpose.** However, it is permissible to charge fees for incidental costs if the proceeds are used in furtherance of Extension work. **For example, recovery of costs related to printing, mailing, and handling of Extension publications is permitted, provided fees are returned to the Extension program. In addition, fees may be charged for services which are considered non-educational in nature such as soil and water testing, forage testing, and farm record analysis.**

The following is a Governmental Attorney opinion that charging fees for basic services offered by the State Extension Services would not be in accord with the legislative intent of the Smith-Lever Act

- This clearly precludes charging user fees to offset the **salaries** of Cooperative Extension faculty and staff that are **funded at least in part** with county, state or federal general purpose revenues. **In compliance with this federal policy, state and county cost recovery efforts may not extend to the salaries of these personnel.**
- It requires that fees not be substituted for state or county appropriated funds.
- It states that fees can **cover only the cost incurred**, and that clients be informed what the fee includes.

**USDA policy further denies charging user fees for “basic educational services” which are defined as:**

- Identifying county and statewide issues and developing related educational programs conducted by agents, specialists, and trained volunteers.
- Providing access to the knowledge and research base of the University through the applied research and instructional offerings of university-based specialists.
- Providing instruction, conducting applied research and evaluating programs following plans of work.

Per USDA guidelines, educational activities and services for which **fees may be charged** to partly or wholly recover costs include the following: **(Note: Some grants and contracts may not allow charging.)**

- Training (for external audiences) that allows individuals to obtain or renew accreditation, professional certification, registration and/or licenses through mandated programs or other continuing education requirements. This includes web-based and other computer delivery as well as the more traditional methods of program delivery.
- Specially targeted education programs for selected audiences.
- Educational programs for vocational training, career development or business enhancement of various professionals.
- Educational programs conducted for industry groups, commercial firms, institutions and governmental entities where the activity is not directed to the general public.

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- Services that enhance the basic educational program, like media instruction transmission and associated costs (e.g., video conference production and transmission expenses, publications and other materials, computer analysis, computer software, and the overhead costs associated with providing these types of enhanced services).
- Conference-related activities that contribute to agent and specialist teaching, such as expenses for outside instructors, materials, specialized electronic equipment, audiovisual equipment, and rental costs for meeting rooms.
- **Services provided for Extension-related organizations.** Such services include printing and distributing newsletters, rental costs for meeting rooms and providing expendable supplies. The financial contribution of these organizations should be accounted for as an offset to overall county extension office budgets; e.g., commodity groups, green industry, and AARP.
- Supplemental educational services such as soil testing, pressure canner gauge testing, well water testing, and bull testing.
- **Supplemental educational programs funded entirely through county or private sources.**
- Cost Recovery Program Opportunities (Fees deposited to an Extension account)

Specific activities that profit a private individual or group only and not the general public can be identified and a fee schedule developed **for these non-core educational or service activities via the rate and recharge committee** (e.g., UNEX courses, soil and water testing, forage testing, training, certification, inspections, and clientele-requested assessments).

## DEFINITIONS

**Core Extension Activities:** those applied research and education efforts (or parts thereof) that are in the nature of public goods.

**Participation fee:** recovery of incidental expenses for core extension activities

**Fee for service:** non-educational services

**Incidental Expenses** (405 of the *ANR Administrative Handbook*) recovering expenses incidental to the event or for publications. Incidental fees are to cover the cost of actual materials and supplies for the particular activity. Fees may be charged to recoup the cost associated with developing and delivering the specific event, but no academic salaries shall be recovered through the charging of fees.

**Income:** Revenue received by a unit from the sale of goods or services to an organization not affiliated with the University or to individuals regardless of their affiliation.

**Recharge:** The assessment and collection by one University department of a charge for goods or services furnished to another University department/unit

**Public Good:** A value is transferred when not only the individual receiving the benefits but when society broadly benefits from the program.

**Private Good:** A value is attained when the recipient of the program acquires knowledge that benefits her/him personally and is not transferred to anyone else

**Direct Costs:** Costs that can be identified specifically with a particular activity.

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**Indirect Costs:** The campus or Division's costs of conducting business that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with individual projects. Recognized components of indirect costs are: operation and maintenance of plant; building use allowance; equipment use allowance; general administration; departmental administration; and sponsored projects. Note: In the Cost Recovery Worksheets, reference is made to both the University of California indirect cost rate and the County indirect cost rate. The appropriate indirect cost rate (UC or County) must be applied to the expenses incurred by each entity.

**Projected Budget:** Identification of projected expenses and number of participants associated prior to a future meeting/workshop/event for the purpose of establishing a fee per participant.

**Actual Costs:** Identification of all actual costs and number of participants after the meeting/workshop/event has been concluded for the purpose of establishing net revenue or loss.

**Costs Supported by Other Funds (not eligible for recovery):** Grant or gift funds received specifically to support the workshop/event or testing/services. The expenses covered by grant or gift funds will offset expenses shown in the "Direct Cost" section of the Cost Recovery Worksheet and will not be included in the calculation for the purpose of determining the participant or testing fee.

**Non-University Differential (NUD):** A "surcharge" that is added to rates for products and services charged by UC units to non-university customers. It is intended to recover the campus or Division's indirect costs of providing these products and services.

### **Rate and Recharge Committee**

#### **Capacity Grant**

#### **Extension Cost-Recovery (Smith-Lever)**

#### **Contracts & Grants Cost-Recovery**

**County Clearing Account:** A University account established to hold funds received as fees for reimbursement to the County for County-incurred expenses.

### **FAQs**