

PPM 292: Cost Recovery Guidelines and Procedures

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I. POLICY SUMMARY

A. Purpose

The mission of the University of California Agriculture and Natural Resources (UC ANR) is to serve California through the creation, development and application of knowledge in agricultural, natural and human resources. To facilitate the fulfillment of this mission and ensure the continuation of UC ANR programs, these guidelines and strategies have been developed to recover costs associated with programs and services for the public good as well as those for customized programming for targeted audiences. The guidelines are intended to apply to all non-campus UC ANR programs and academic personnel, including county-based UCCE programs, Research and Extension Center operations, Statewide Programs, and UC ANR Academic Support units.

UC ANR is sometimes asked to provide customized programming for exclusive or private audiences. With its existing resources, UC ANR cannot support the growing demand for this customized programming without compromising its mission of providing educational programs for the public good. An even more critical issue is how we can augment funding for our current public programs.

To meet the need of both public programs and the less-frequent private or exclusive programs, UC ANR is initiating guidelines and strategies for recovering some costs associated with programs and services for the public good, as well as recovering full costs for customized programming for exclusive audiences. When a small easily defined exclusive group benefits from UC ANR's efforts, steps can be taken to recover the full costs related to providing programs and services.

Recovering costs associated with UC ANR programs and services is not a new idea. UC ANR has been charging fees to cover some of the costs of existing programs for a long time. Sometimes, the costs of UC ANR programs and services targeted for specific audiences have been fully recovered through grants, contracts, agreements, and MOUs.

UC ANR encourages the recovery of program-delivery costs and retrieval of salaries and benefits associated with extramural contracts and grants whenever feasible. At the same time, it is recognized that cost recovery must often take into consideration the local circumstances of external funding available, peer practices, the attitudes of fellow stakeholders toward providing UC ANR programs and other local variations. For this reason, the decision of whether or not, and when, to pursue cost recovery is to be made at the local unit level, with the concurrence of the next higher-level administrator. If cost-recovery mechanisms are applied, the procedures described in these guidelines shall be followed.

B. Overview

These Guidelines are divided into four major sections. Section I is this introduction. Section II discusses salary recovery from externally funded projects. Section III addresses the concept of user fees for UC ANR programs and provides rate calculation sheets to estimate costs. Section IV presents the

potential for publication sales to offset production and distribution costs of UC ANR publications.

II. DEFINITIONS

Not used.

III. POLICY TEXT

A. Recovering UC ANR Academic Salaries & Benefits From Extramural Funds

1. Purpose

The recovery of salary and benefit costs of UC ANR academics working on projects funded by extramural sources is governed by applicable University, federal, state, and county regulations, policies, and procedures and the contractual requirements stated in the project agreement. Extramural funds or sponsors are those from outside the University of California. Some work conducted by UC ANR academics in furtherance of the mission of the organization is externally funded through grants and contracts. These guidelines will help ensure uniform procedures, review, and accounting for cost recovery of salaries and benefits of UC ANR academics in conformance with University policy and in compliance with applicable federal and state regulations and laws.

2. University Policy

A 1992 clarification memo from the Office of the President provided guidance on the general principles governing payroll charges to extramural funds. University policy is explicit that such charges must be appropriate and under what circumstances they will be permitted. The following statements from this 1992 memo are particularly pertinent to the Division's consideration of cost recovery strategies:

- a. Each location (campus, UC ANR) shall develop local policies governing the maximum amount of effort that can be charged to extramural sponsored projects, consistent with a reasonable level of effort for instruction, research and other professional UC duties.
- b. At the discretion of the Chancellor or UC ANR Vice President, such savings may be transferred to other sub-budgets to be used for academic personnel-related costs. Such academic salary funds may also be transferred to other sub-budgets to cover expenses of other activities but must be expended as General Funds.
- c. The Personnel Activity Report (PAR) should report the charges to each sponsored agreement and the percent of effort devoted to each agreement. [It should be noted that although this mechanism will recover salaries and expenses, it may also create additional administrative burden; i.e., expense. Also, note that the loss in benefits funding from the

Office of the President will occur with such a salary/benefit reallocation.]

- d. The principles of good faith and fair dealing require that proposals present a realistic estimate of the amount of time to be devoted to the project by University faculty and staff.

3. Federal Guidelines

The Office of Management and Budget's (OMB) Circular A-21 "Cost Principles for Educational Institutions" is the federal government's cost principles for colleges and universities. It defines what costs are allowable and allocable to federal grants and other "assistance" agreements.

OMB Circular A-21 (Section J.8) sets forth criteria for acceptable methods of charging salaries and wages to federally sponsored projects. A-21 requires a payroll distribution system that directly charges salaries to appropriate projects. (See Appendix I on federal effort reporting requirements.)

4. UC ANR Salary Recovery Policy

It is the policy of ANR to allow the inclusion of academic salary in grant application budgets. Principal Investigators and Co-Principal Investigators are encouraged to recover reasonable and appropriate salary support from grants and contracts proportionate to the function of the time and effort devoted to the project. All reimbursements for academic effort must be planned in the budget at the proposal stage. No retroactive application of salary and benefits recovery is allowed.

In recovering salary and benefits costs under sponsored projects, the principles of good faith and fair dealing require that proposals present a realistic estimate of the amount of time to be devoted to the project by University academics.

Salary recovery for individual proposed projects shall be approved through the normal submission mechanism, with the responsible principal investigator recommending (and administrator approving) a reasonable amount of effort to be charged to each extramural sponsored project. The maximum level of salary recovery will be affected by such things as matching commitments and funding source. In general, the maximum level of salary recovery should not exceed 30 percent of total contract/grant activity of the principal investigator.

All released salary funds should be expended on a current basis. Any carry forward of funds is subject to ANR's salary savings policy which allows the salary savings funds earned any time in FY Year 1 to be carried forward to June 30th of FY Year 3 before being returned to central ANR funds. The Business Operations Center (BOC), the CE Specialists' Campuses, the Statewide Programs' Business Officers, or other next-level administrative unit will conduct periodic reviews of accounts to ensure the funds are expended appropriately and in a timely fashion. Note that fringe benefits, while budgeted and charged to sponsored projects, will not be available for distribution.

If an extension is needed to expend these funds (i.e., saving up for a large piece of equipment), please contact the BOC or your Statewide Programs Business Officer (or other Business Officer with which you work) about the request and why the extension is needed.

B. Program Activity/User Fees

1. Purpose

Cost recovery fees are one of the several alternative revenue sources available to maintain, enhance, and extend UC ANR programs and services. Alternative revenue sources are not intended to replace traditional government support essential to our continued commitment to deliver quality, timely, and relevant educational programs and services. However, recovery fees can generate resources to sustain and expand UC ANR programs and service offerings.

Successful administration of cost recovery efforts requires system-wide commitment by all UC ANR academics, staff and administrators.

2. Federal Cost Recovery Guidelines

Federal cost recovery guidelines are issued by the United States Department of Agriculture in *Policy and Procedure Manual for Cooperative Extension Work, Chapter III – Financial Operations, Section J, 16 – User Fees*:

7 CFR 3015, Subpart F, allows for recipients of assistance to charge user fees that then will be counted toward program income. However, the imposition of user fees for core Extension educational 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 to be used in furtherance of Extension work. For example, recovery of costs related to the printing, mailing, and handling of Extension publications is permitted, provided fees received 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.

Registration fees may be charged for Extension-sponsored workshops for incidental costs associated with the cost of conducting the workshop. It is imperative that the fee charged cover only the cost incurred and that the Extension clientele understand the nature and purpose of fees charged.

3. University Guidelines

University Regulation No. 4, Special Services to Individuals and Organizations, establishes the basic framework of University policy regarding the types of acceptable activities and the conditions under which the University will perform services under contract involving the use of University facilities. The following are excerpts from pertinent sections of Section II of Regulation No. 4:

University participation in tests and investigations shall be limited to activities which lead to the extension of knowledge or to increased effectiveness in teaching. Routine tests of a commonplace type will not be undertaken. University laboratories, bureaus and facilities are not to be used for tests, studies, or investigations of a purely commercial character, such as mineral assays, determination of properties of materials, the performance efficiencies of machines, analyses of soils, water, insecticides, fertilizers, feeds, fuels, and other materials, statistical calculations, etc., except when it is shown conclusively that satisfactory facilities for such services do not exist elsewhere.

Guideline 11, Use of University Facilities: University facilities and resources should be devoted to activities that support teaching and research and that lead to the advancement of knowledge. They should not be used for routine tasks of a commercial character. Unique or special facilities may be made available to outside users on a fee-for-use basis.

4. UC ANR Policy Guidelines

- a. All activities for which fees are charged must be consistent with the mission and current program direction of UC ANR.
- b. The opportunity or need to collect fees shall not be a determinant in setting program priorities, evaluating program results, or in evaluating employee performance.
- c. UC ANR program activity/user fees will be based on direct costs incurred for each specific program (see “Types of Allowable Program Activity/User Fees” section below). Actual costs will be documented using the UC ANR Cost Recovery Worksheets (Appendices III and IV). (See Appendix V for the definition of terms used in the UC ANR Cost Recovery Worksheets.)
- d. Revenue generated from program activity fees shall be used exclusively for expenses related to the enhancement of UC ANR programs.
- e. UC ANR programs are open to clientele regardless of their ability to pay. Provisions must be made to reduce or waive fees when an individual is unable to pay. Brochures and materials listing a program fee must also state that the fee will be reduced or waived when an individual makes it known that they are unable to pay the fee. (See Appendix VI for a financial waiver request to be completed by clients unable to pay program service/user fees associated with a program.)

5. Clientele Access Policy

UC ANR programs will be open to participants, regardless of their individual ability to pay. All brochures or other communications marketing our programs will include a notice indicating such.

Sample Access Statement: UC ANR programs are open to participants, regardless of their ability to pay. Please contact (e.g., the UCCE Office) if you have any barriers to participation or any special needs.

6. Types of Allowable Program Activity/User Fees

Decisions regarding the designation of the type of user fee to be applied are to be made at the local level by the UC ANR unit/department head and the academic staff member conducting the program by applying the criteria identified below. The type of activity and the type of audience for which the program is intended will guide the decision concerning the extent to which fees should be charged to partially or fully recover program costs within these established guidelines.

- a. Educational Programs – General Public. Basic educational programs that are made available to the general public in furtherance of our extension work shall follow USDA cost recovery regulations. Regulations allow registration fees to be charged to recover costs associated with conducting the program. UC ANR units shall use the appropriate worksheet (Appendix III) to recover direct incidental costs associated with conducting the program. Use of other extramural funds to offset partial or full costs is allowed.
- b. Educational Programs - Specific Audience. Programs not supported with government appropriations such as those designed for or restricted to a specific individual, group or business are not subject to USDA cost recovery regulations and shall be handled on a grant, contract or participant fee basis. These programs shall be entirely self-supported with corresponding fees charged, grant or contract funding received, or other funds solicited to offset costs of the program. UC ANR units shall use the appropriate worksheet (Appendix III) to recover full direct costs, including appropriate salary and benefits costs and indirect costs (Non-University Differential rate).
- c. Testing and Other Non-educational Activities/Services. Fees may be charged for services that are considered non- educational in nature such as water testing, forage testing, plant analysis, stray voltage testing, farm record analysis, pest identification, and facility and equipment use. Subject to review and approval, UC ANR units shall use the appropriate worksheet (Appendix IV) to recover all direct costs, including appropriate salary and benefits costs, and indirect costs (Non-University Differential rate) associated with providing non-educational services.

7. Use of Recovered Program Activity/User Fees

Program activity/user fees from UC ANR programs and activities may be used for appropriate program needs, including, but not limited to:

- a. Hire temporary support staff to assist the UC ANR academic whose time is devoted to work on the UC ANR program/activity;
- b. Hire temporary personnel to develop and /or teach programs;
- c. Provide additional travel and professional development funds for the UC ANR academic whose time is "released" to work on a project
- d. Purchase new equipment or resources for the UC ANR unit; or

- e. Pay for specific expenses associated with the UC ANR unit's operations.

C. Publication Sales and Marketing

1. Purpose

Significant opportunities exist to recover additional costs to support programmatic efforts, to reduce administrative burden, and to expand the visibility of and access to UC ANR programs and educational materials. These guidelines will help guide administrative processes, ensure university, state, and federal regulatory compliance, and meet university accounting and cash management requirements.

2. UC ANR Guidelines

Current policy on Publications is given in the *UC ANR Policy and Procedure Manual*, Section 285.

Publications are a primary means of extending information to UC ANR clientele. Development, production, and distribution of high-quality, useful publications are continuing objectives for all programs responsible for delivering information to clientele.

The UC ANR Communication Services unit is responsible for these services. Free and priced publications are distributed through the UC ANR Communications Services unit located at the Davis Campus. See the UC ANR Catalog for available publications.

Sales publications are priced to reflect the direct costs of printing, related production expenses, and distribution. UC ANR units may sell publications and educational materials related to programs. Sales of UC ANR publications are encouraged and can enhance cost recovery.

- a. UC ANR Communication Services will provide publications and educational materials to UC ANR units and locations for resale.
- b. Proceeds from sales of these materials are remitted to UC ANR Communication Services using established procedures.
- c. UC ANR Communication Services will remit a percentage of publications sales (currently 40%) to the originating selling unit.
- d. Contact UC ANR Communication Services to establish a publication sales program.

3. Marketing

While publications sales are currently supported statewide and generate significant income in some counties, there is additional potential for increased cost recovery and for better promotion and public knowledge of UC ANR programs.

UC ANR Communication Services has been conducting limited selected focus groups with UCCE county-based advisors to refine plans to support publication sales and program promotion. Resources available to support this activity are limited in Communication Services at this time, but UC ANR

is anticipating the development of plans to expand services in these areas.

IV. COMPLIANCE / RESPONSIBILITIES

It is the responsibility of UC ANR academics or staff members coordinating the program or service to ensure that all regulations, policies and procedures outlined in this document are followed.

UC ANR has an obligation and requirement to justify fees charged in relation to the costs associated with the programs or services offered.

Fees for programs and services may not exceed the costs incurred to deliver them. Documentation of the direct costs and affiliated fees shall be kept on file to explain and justify fees charged. The UC ANR Cost Recovery Worksheets are provided in Appendices III and IV for this purpose.

Fees must be receipted, deposited, and expended in line with appropriate University of California and UC ANR financial policy and procedures.

As cost recovery/program activity fees are developed, UC ANR academics and staff shall make every effort to establish fees that are consistent from one unit or location to another. It is recognized that differences in local costs may cause fees to differ. However, consistency in the method of determining what costs comprise the fee is the goal of UC ANR.

V. PROCEDURES

All reimbursement for academic effort must be planned for at the proposal stage. No retroactive application of salary and benefits recovery is allowed.

A. Proposal Budget.

Appendix II provides a sample budget listing the following information for each project participant:

1. Name (or "To Be Named" for an unfilled position)
2. University payroll title
3. Nature of the position (e.g., 9-month or 11-month appointment)
4. Current annual or monthly salary
5. Summer salary for academics with nine-month appointments should be listed as a separate line item
6. Number of months per year and/or percentage of effort
7. Total salary and benefits requested

For multiple-year budgets, also include:

1. Projected cost of living increases, specifying the period to which they apply, with an explanation of the basis for calculating the rates
2. Projected merit increases, specifying the period to which they apply, with an

explanation of the basis for calculating the rates

B. Resources for Determining Fringe Benefits.

Use either the actual rates, if known or the composite rates compiled by the UC Office of the President. Actual rates are preferred. State if the budget uses published composites or is based on historical rates for the individual employees. Contact the Regional Office or other appropriate administrative office for the latest UCOP Revised Employee Benefits Projections.

C. Administering the Project.

Once funds are awarded which include reimbursement for academic salary and benefits, several recordkeeping measures are required:

1. Budget: Sponsor-approved budget is set-up and established on the University's General Ledger.
2. Personnel Action Form (PAF): Any salary commitment requires initiation/adjustment to the PAF. The Regional Office or another appropriate administrative office is responsible for entering a salary action into the UC Payroll/Personnel System (PPS) to reflect the salary commitments in the grant.
3. Personnel Activity Report (PAR): In addition, level of effort must be reflected on the Personnel Activity Report (PAR) which should report the charges to each sponsored agreement and the percent of effort devoted to each agreement. These forms are initiated by the UC Accounting Office and distributed to the Principal Investigator through the home department (e.g., Regional Office) based on information in the payroll system.

D. Cost Recovery Distribution.

Released salary funds shall be distributed for use in support of programs and activities normally carried out by the academic staff member. An appropriate amount of the funds (e.g., 10%) is to be withheld for use by and under the authority of the Regional Office (or other Administering Office in the case of Statewide Programs or other UC ANR units) to cover administrative costs.

All released salary funds should be expended on a current basis in accordance with Section 6 below. Any carry forward of funds is subject to UC ANR carry forward policy. The Regional Office or other next-level administrative unit will conduct periodic reviews of accounts to ensure the funds are expended appropriately and in a timely fashion. Note that fringe benefits, while budgeted and charged to sponsored projects, will not be available for distribution.

E. Operating Procedures.

Administering offices (e.g., Regional Offices) will initiate the necessary personnel and financial transactions to charge salary costs to the contract/grant and to transfer the released salary funds to an account assigned to the PI/unit for furtherance of local programs and activities.

F. Uses of Recovered Salary Funds.

Recovered salary funds may be used for appropriate program needs, including,

but not limited to:

1. Hire temporary support staff to assist the academic whose time is devoted to work on the program/activity;
2. Hire temporary personnel to assist with research and/or Extension activities;
3. Provide additional travel and professional development funds for the academic whose time is “released” to work on a project;
4. Purchase new equipment or resources for the unit; or
5. Pay for specific expenses associated with the unit’s operations.

Use of recovered salary funds is subject to the approval of the Regional Director or other appropriate administrator in the case of Statewide Programs or other UC ANR units.

G. Program Activity Designation.

UC ANR academics and their department heads make local decisions regarding the appropriate program activity/user fee model to be applied to each specific program activity based on the criteria provided under “Types of Allowable Program Activity/User Fees.”

H. Program Activity/User Fee Calculations and Tools.

1. The UC ANR academic conducting the program activity identifies all appropriate direct and indirect costs on the UCCE Cost Recovery Worksheet (Appendix III) for calculating the cost per participant.
2. If the program activity is determined to be for a “specific audience” or for “testing/services”, the Non-University Differential (indirect cost rate) that is given on the UC ANR Cost Recovery Worksheet shall be included in the calculation.

I. Program Activity/User Fee Cash Collection Process.

1. UC ANR units to follow established University policy and UC ANR procedures for receipt and deposit of program activity/user fees. Refer to UCCE Regional Procedures Guide section “Cash Collections”.
2. Fees for workshops/educational activities/testing will be deposited into the specific UC ANR unit’s University conference/sales and service account.
3. The Non-University differential fees are collected at the campus Accounting Office level and returned to the specific UC ANR unit’s account at the end of each fiscal year.
4. Questions regarding the processing of UC ANR user fees should be directed to the appropriate UCCE Regional Office or other appropriate UC ANR administrative unit.

J. Distribution of Program Activity/User Fees.

All program activity/user fees generated for UC ANR activities will be deposited into the specific UC ANR unit’s UC Conference/Sales and Service account for furtherance of local Cooperative Extension or other UC ANR programs and

activities. 100% of the Non-University Differential (indirect cost rate) that is returned to UC ANR will be distributed to the specific unit for furtherance of UC ANR programs and activities. This returned NUD is to be kept in a separate account under the authority of the County Director or other unit manager to support the infrastructure behind program delivery.

VI. RELATED INFORMATION

- [UC ANR PPM Section 292, Appendix VII. Extension Cost-Recovery Guidance](#)

VII. FREQUENTLY ASKED QUESTIONS

Not Used.

VIII. REVISION HISTORY

October 2017: Format updated.

January 2023: Format updated.

Appendix I

An Introduction To Effort Reporting For UC ANR Staff

The federal government requires an effort report when an individual is compensated by or has agreed to contribute time to a federally sponsored project. All academics who serve as investigators on sponsored agreements are personally responsible to certify the amount of effort that they and their employees spent on sponsored activities.

This guide provides an overview of effort reporting, including an explanation of why such a process is necessary and the minimum requirements for the process.

Currently, the University fulfills the effort reporting requirement through the use of the Personnel Activity Reports (PAR) system. The University is in the process of developing a web-based effort reporting system to be used by all individuals who work on research grants and contracts to streamline the process and to promote increased accuracy, accountability, and compliance with federal regulations.

What is effort and effort reporting?

Effort is defined as the amount of time spent on a particular activity. It includes the time spent working on a sponsored project in which salary is directly charged or contributed (cost-shared effort).

Individual effort is expressed as a percentage of the total amount of time spent on work-related activities (instruction, research, outreach, patient care, administration, etc.) for which the University compensates an individual.

Effort reporting is the mandated method of certifying to the granting agencies that the effort charged or cost shared to each award has actually been completed.

What is contributed or cost-shared effort?

Cost sharing represents that portion of the total project costs of a sponsored agreement that are not borne by the sponsor or sponsors of the project. These costs are borne by the University or other non-federal third parties, rather than by the sponsor. Since academic salaries at the University of California are, in most part, paid for by the an individual's academic department, cost sharing of effort represents a redirection of departmental resources from teaching or other departmental activities to support sponsored agreements.

Certain federal agencies require that institutions cost share salaries that are above a "salary cap." A salary cap is defined as the amount of salary paid to an individual above which an agency will not reimburse an institution. The National Institutes of Health, the Agency for Healthcare Research and Quality, and the Substance Abuse and Mental Health Services Administration impose a salary cap on awards to the University.

Cost sharing can be required by the sponsor or volunteered by a principal investigator; regardless, any commitment of effort referenced in the project proposal or the award document must be honored, reported, and captured in an effort reporting system.

The difference between effort reporting and payroll distribution

Payroll distributions and effort reports are not the same thing. Payroll distributions are the distribution of an individual's salary, while effort reports describe the allocation of an individual's actual time and effort spent for specific projects, whether or not reimbursed by the sponsor. Thus effort reporting is separate from and can be independent of salary charges.

Effort is not just a verification of the salary or payroll distribution. Cost-shared or contributed effort must be included in effort reports.

Federal requirements regarding effort reporting

The Office of Management and Budget's (OMB) Circular A-21 "Cost Principles for Educational Institutions" is the federal government's cost principles for colleges and universities. It defines what costs are allowable and allocable to federal grants and other "assistance" agreements.

OMB Circular A-21 (Section J.8) sets forth criteria for acceptable methods of charging salaries and wages to federally sponsored projects. A-21 requires a payroll distribution system that directly charges salaries to appropriate projects.

In addition, Circular A-21 requires that institutions develop a mechanism to determine or confirm how individuals actually expend effort during a specified time period. These effort reports must be performed on a regular schedule and must be certified by individuals who have first-hand knowledge of 100 percent of the employee's compensated activities. In most cases, that would be the employee or the employee's direct supervisor.

Risks of not complying with Circular A-21's effort reporting requirement

In fiscal year 2003, federal awards represented approximately 67 percent of the total \$3.53 billion in contract and grant award activity within the UC system. Salary expense represents the largest direct cost component on these projects.

In recent years, the federal government and its auditors have become much more active in their review of effort reporting requirements, and a number of universities have received large audit disallowances as a result. Recent cases of audit disallowances are:

1. Northwestern University paid \$5.5 million to settle issues related to problems with effort reporting, on a contracts and grants base of \$325 million;
2. South Florida returned \$4.1 million to the federal government to settle a number of charging issues, including effort reporting;
3. University of California paid a total of \$2.1 million to settle an NIH salary cap limitation disallowance for the period July 1, 1995 through June 30, 2002.

An effort reporting system must provide records on how individuals participating in federally funded sponsored agreements actually spend their

time. Because the federal government mandates effort reporting, it is incumbent upon institutions that receive federal funding to maintain accurate and auditable systems and records.

Documentation on how individuals spend time on federally sponsored projects is subject to federal audit and can be cause for institutional or individual disallowances.

Institutional disallowances can result if:

1. The effort report was certified by an individual other than the employee or someone who has "first-hand" knowledge of 100 percent of the employee's time;
2. The effort report does not encompass all of the activities performed by the employee under the terms of their employment;
3. The levels of effort reported do not appear reasonable, given the responsibilities of the individual.

Individual disallowances can result if:

1. The effort report certified by the individual is found to be falsified;
2. The levels of effort reported do not appear reasonable.

As evidenced above, federal audit disallowances can result in serious financial penalties for institutions. In addition, criminal charges may be brought against an individual certifying to falsified effort.

Current audit plans for federal auditors include effort reporting as a specific audit focus.

Adapted from UC Berkeley

Appendix II

A Sample Budget Listing Appropriate Staff Salary & Benefits

I. Salary and Wages	Funds Requested	Matching Funds	Total
1. Principal Investigator, Jane Doe 20% time (FT \$60,000pa) \$	\$6,000	\$6,000	\$12,000
2. Associate Investigator, based on Staff Research Associate 50% time (FT \$35,00pa)	\$17,500		\$17,500
II. Fringe Benefits			
1. PI benefits @23%	\$1,380	\$1,380	\$2,760
2. Assoc. Investigator @35%	\$6,125		\$6,125
Total Salary, Wages and Benefits	\$31,005	\$7,380	\$38,385
Total Direct Costs	\$31,005	\$7,380	\$38,385
III Indirect Costs (@ 22% MTDC)	\$6,821	\$1,624	\$8,445
Total Costs	\$37,826	\$9,004	\$46,830

Footnotes:

1. Represents funding requested from the sponsor. In this case, reimbursement of 10% of PI time is being requested from the sponsor.
2. Represents University's contribution (in this case, additional 10% of PI time is being contributed to the proposed project (matching/cost sharing commitments should be made only if *required* by the sponsor).
3. Modified Total Direct Costs.

Appendix III
UC ANR User Fees: Educational Programs

See Separate Excel File:

<http://ucanr.edu/sites/anrstaff/files/229963.xls>

Appendix IV
UC ANR User Fees: Non-Educational Programs

See File: [Http://Ucanr.Edu/Sites/Anrstaff/Files/229964.Xls](http://Ucanr.Edu/Sites/Anrstaff/Files/229964.Xls)

Appendix V

UC ANR Cost Recovery Definitions

Direct Costs

Costs that can be identified specifically with a particular activity.

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.

County Clearing Account

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

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.

**APPENDIX VI
UC ANR FINANCIAL WAIVER REQUEST**



UNIVERSITY of CALIFORNIA
**Agriculture & Natural
Resources**

Request for Cooperative Extension Fee Waiver

The following is the policy regarding waiver of fees for those unable to afford to pay for Cooperative Extension programs:

UC ANR programs are open to clientele regardless of their ability to pay. Provisions must be made to reduce or waive fees when an individual is unable to pay. Fees will be reduced or waived when an individual makes it known that he/she is unable to pay the fee. Those requesting fee waivers must complete this form. In the case of 4-H youth participants, a parent, guardian, or other appropriate individual must sign this form.

I wish to apply for a fee waiver for the _____

program being offered on _____

Name of Participant: _____

Signature of Participant or Parent/Guardian of Youth

Date

The University of California prohibits discrimination or harassment of any person on the basis of race, color, national origin, religion, sex, gender identity, pregnancy (including childbirth, and medical conditions related to pregnancy or childbirth), physical or mental disability, medical condition (cancer-related or genetic characteristics), ancestry, marital status, age, sexual orientation, citizenship, or status as a covered veteran (covered veterans are special disabled veterans, recently separated veterans, Vietnam era veterans, or any other veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized) in any of its programs or activities. University policy is intended to be consistent with the provisions of applicable State and Federal laws.

U.S. Department of Agriculture, University of California and the County of _____ cooperating