



USU Cooperative Extension Cost Recovery Policy

Forward

The Smith-Lever Act passed by Congress in 1914 established the Cooperative Extension Service. The Act, as updated and amended, prohibits the charging of fees to cover ongoing costs of salaries and other operational costs of programs supported by Smith-Lever funds, especially fees to augment operational costs in substitution of State or Federal appropriations for that purpose. However, it is permissible to charge user fees for incidental costs associated with educational programs and for non-educational services. It is also permissible to charge full cost recovery for developing and implementing customized programming and services that result from specific requests from exclusive audiences or groups. In all cases, user fees and other cost recovery revenues must be returned to the Extension program and used in furtherance of Extension work. *The overall guiding principle is that serving the public good drives Extension programming, not the potential generation of fees.*

Utah State University Cooperative Extension is supported through cooperative agreements among federal, state and local entities that appropriate funds to support issue-based programming. Contracts and grants, user fees and other cost recovery efforts provide opportunities to extend resources and maximize impacts of Extension programming. Contracts and grants are administered through the USU Sponsored Programs Office (SPO); the SPO provides the University community with professional and effective administrative expertise in the management of sponsored projects, while preserving the rights and interests of the university, the researcher, the sponsor, and the community.

The policy described herein is targeted to user fees and full cost recovery for Extension activities and events. The intent of the policy is to:

- make user fees transparent and understandable to constituents
- encourage consistency in application of user fees
- allow for tracking of revenues generated by user fees and other cost recovery
- provide accountability to meet the requirements of Utah State University and funding agencies
- maximize opportunity for cost recovery within federal and Utah State University regulations

User Fees

User fees are recovered for the direct incidental costs associated with public educational programs that provide activities and events. User fees also cover costs of non-educational services, and for costs of public-good programs leading to individual credentials. User fees are

important to self-sustaining Extension programming. Extension faculty are encouraged to recover costs where appropriate and allowable.

The following guidelines apply to all Extension faculty and staff in the equitable and consistent implementation of user fees as a source of program support.

1. Compliance - Any activity or event for which user fees are charged must be in accord with the mission and ongoing programs of Cooperative Extension. User fees should be dictated by educational needs and should enhance the capacity of Cooperative Extension to meet those needs. In contrast, Extension programming should not be dictated by the potential to generate income through user fees.

- a. User fees must comply with the federal Civil Rights Act and the Smith-Lever Law. User fees may be charged to cover incidental direct costs, services to individual clients, and credential-generating programs.

Examples of incidental direct costs that can be covered by user fees:

- Mailing cost
- Non-Extension speakers
- Meeting room and equipment rental
- Material/handout costs including printing, assembly, word processing
- Food service
- Salary/personnel costs for seasonal or temporary staff to conduct the activity
- Registration costs which include personnel and materials
- Meeting/program evaluation costs
- Travel costs including to and from meeting for presenters
- Cost for construction of a piece of equipment desirable to the successful implementation of a local event

Examples of services that can be covered by user fees:

- Soil testing, pressure canner testing, well water testing, bull testing
- Garden pest evaluation
- Energy audits
- 4-H camp fees

Examples of credential-generating programs covered by user fees:

- Farmer pesticide recertification
- Food handlers certification
- Master Gardner certification

- b. User fees may **NOT** be charged for support costs covered by Smith-Lever funds such as office space, faculty and staff salaries, and building maintenance.
- c. User 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.

2. Budget and Cost Recovery Worksheet - A Budget and Cost Recovery Worksheet (available on the Extension website) shall be completed for each Extension hosted event (e.g., activity, camp, certificate program, workshop, etc.) for which fees will be charged.
 - a. The completed worksheet should be maintained on file and available upon request.
 - b. Although not required, it is recommended that a Budget and Cost Recovery Worksheet also be completed for events without user fees in order to facilitate sound budget practices.

Consider the following when planning an event where user fees will be charged:

- A budget of all expenses to be paid with user fees should be developed.
- An estimate of the number of participants paying a fee should be developed.
- The amount to charge each participant will be calculated by dividing the total expense developed above by the number of participants estimated above.
- Remember it is important to develop your budgets and estimates in such a way as to cover those costs directly related to the activity or event because you will need to find another funding source to cover any revenue shortfall.

3. Announcement of charge – An explanatory statement must be included whenever a user fee is charged. If the fee includes the cost of hospitality (food or beverage) then the registration form must specifically state that the fee includes those hospitality costs. The statement should include an explanation of charges and explain the availability of scholarships or other options for individuals unable to pay. Suggested statements could be:

- 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."

4. Accounting

- A class list or record of registrants and the fees received from each individual must be maintained.
- All funds collected must be deposited into a USU account. All expenses paid must be paid from a USU account. USU Extension personnel and offices do not maintain petty cash funds and expenses for cost recovery events, activities, etc. cannot be paid with cash collected.
- It is a good practice to deposit the collected user fees at least once a week and more often when large amounts of money are collected. As a general rule, no more than \$20 in cash or \$100 in checks should be accumulated before a deposit is made.
- Funds from user fees remain within the county or program where it was generated.

Full cost recovery

Full costs can be recovered for developing and delivering highly targeted and content-specific activities requested by private individuals and groups, and not offered to the general public. Such efforts often involve modification of existing initiatives to fit the needs of a narrowly defined group that is the primary beneficiary, and the time needed to develop and deliver the activity exceeds what is reasonable and available within the Extension faculty member's planned work. Full cost recovery is appropriate for professional development activities presented to individuals and organizations leading to certification or enhanced career development.

Examples of efforts subject to partial or full cost recovery:

- Speaker fee for two hour workshop on *Healthy Living on the Go: Eating and Exercising for the Corporate Executive*, UNIFOLD Corporation, Wellness Day Conference.
- Development and delivery of a 2-day food safety course for employees of BLT Sandwich, Ltd.
- Program development and delivery abroad for international agencies.

Note: A contract administered through the USU Sponsored Programs Office should be established between the funding entity and USU prior to initiating any effort involving partial to full cost recovery of direct costs (including faculty time) and indirect costs. Individual faculty members cannot enter into a contract on behalf of Utah State University.

Honoraria and Other Forms of Remuneration

Extension personnel cannot be personally compensated while functioning in their role for which they are employed by USU Extension. However, non-USU Extension personnel can receive compensation charged through the user fee process. Honoraria and other forms of remuneration can only be accepted on behalf of USU Extension and used to enhance Extension programming.

Publications and Printed Materials for Distribution

USU Extension will, to the extent feasible, provide access to all USU Extension publications and materials online or access "in office" without charge. However, if the customer accessing on-line publications within the Extension office desires a printed copy of the on-line publication, a reasonable charge can be assessed to recover the cost of printing. Regarding printed materials for distribution, it is permissible to recover costs associated with printing, postage, packaging, tax, credit card fees, and processing fees associated with online sales. Faculty developing new publications that are a part of a grant-funded program should work with USU Extension Marketing to develop a budget that reflects the true cost of the publication including design, editing, printing, and distribution. Marketing of publications and printed materials must be coordinated and approved through USU Extension Marketing.