UNIVERSITY OF MARYLAND EXTENSION

COST RECOVERY GUIDELINES

Amended
June 2010

University of Maryland Extension programs are open to all citizens without regard to race, color, gender, disability, religion, age, sexual orientation, marital or parental status, or national origin.
These guidelines provide a framework through which faculty/staff can expand their understanding of how cost recovery initiatives can support and enhance Extension programming during a time of limited federal, state, and county funding. These guidelines are not designed to answer all the questions associated with establishing cost recovery programs. We encourage and challenge you to utilize creative funding techniques including Cost Recovery Programs to maintain and expand your educational efforts.
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BACKGROUND AND PHILOSOPHY

These guidelines are amended from the College’s original 2003 task force recommendations to reflect the current fiscal situation.

It is clear, as we look to the future that if the University of Maryland Extension (UME) is to maintain a strong presence at our land-grant institution, and in the counties and cities throughout Maryland, a change in the paradigm must be initiated as state funding sources are curtailed or reduced in the immediate future. This shift recognizes the continuing need for a federal, state and county funding partnership for UME. However, ways to develop partial self-support for many of our programs must be explored and implemented to the fullest extent possible.

Recovering costs associated with Extension programs and services is not a new idea. Extension has been charging fees to cover some of the costs of existing programs for a long time. Sometimes the costs of programs and services targeted for specific audiences have been fully recovered through grants, contracts, agreements, and MOUs. It is the intent of these Cost Recovery Guidelines to outline procedures and strategies for recovering some costs to aid in strengthening our programs for Maryland residents.

GUIDING PRINCIPLES

Extension supports the recovery of costs associated with programs and services for the public good and also for programs associated with developing and implementing high-quality customized programming and services that result from specific requests from exclusive audiences. Cost recovery associated with educational program delivery in Extension is guided by the following considerations:

- Cost recovery associated with Extension programming must be consistent with the UME mission and program direction. For UME mission and program information, see UME strategic plan (http://agnadmin.umd.edu/umeIntranet/files/strategicPlan09-14.pdf).

- Cost recovery practices are not intended to limit audience participation, impact, or involvement. UME programs are open to all regardless of individual ability to pay or program source of funding; part of a complete budget plan should include provisions to reduce or waive fees when limited resource participants need financial assistance.

- There is no hard and fast rule for defining limited resource participants. It will be at the discretion of the educator to determine if the participant should have fees waived or reduced. The educator shall strive to make provisions in their budget to obtain funds from sponsors and others to underwrite fees for these participants and offer scholarships whenever necessary.

- Sources of funds to cover costs may include grants, contracts, gifts, sponsors, donations, program underwriting, and participant fees.

- The opportunity or need to recover costs shall not be the major determining factor in setting program priorities and/or evaluating program results.
• Revenue generated from cost recovery shall remain with the program area, impact team, county, department or Research & Education Center where it is generated and be used to enhance Extension programming.

• Accountability of these funds is critical, with deposits being made to the appropriate UME accounts, such as revolving, impact team, DRIF or EAC accounts. Each faculty member will be accountable for the funds collected at their programs. Expenditures related to the program are to be charged to the same UME account.

• Funds collected must be reported in MCERS for each event, following MCERS reporting guidelines.

• A summary report, for the calendar year, showing program title and total collected for each event shall be provided to the appropriate Program Leader, by January 15th.

• Funds can be utilized for operating, travel, professional development and personnel expenses to hire contractual employees that support the program effort. Funds will not be used to offset tenured or tenure track employees’ salaries or benefits.

• While opportunities for cost recovery will vary over time and in different programming areas, all Extension personnel are encouraged to participate in cost recovery.

• Volunteers or others who support or deliver Extension programs may be charged fees to cover the cost of materials used in training they receive.

• A cost recovery worksheet shall be developed for each program and approved by the appropriate Program Leader or Impact Team Administrative Liaison. Cost recovery worksheets are to help the faculty/staff understand the real cost of programming. A program is defined as a broader educational effort, not an individual teaching event.

• Cost recovery is also allowed for underwriting of UME newsletters. However, this opportunity needs to be widely available to organizations and there needs to be verbiage stating that underwriting does not imply endorsement of particular products, services or organizations. Use the following statement, “Sponsorship of this newsletter does not imply endorsement of sponsor by the University of Maryland Extension.”

**Membership and Participation Fees**

• Membership and participation fees may be charged in accordance with appropriate federal and state guidelines for extension related club activities.

• State level initiated 4-H participation fees shall be appropriated equally between the county and state office.

• County/city 4-H programs may charge participation fees beyond state level initiated fees following the Organization’s cost recovery guidelines and principles.
COST RECOVERY OPTIONS AND TYPES OF PROGRAMS

The type of audience a program is designed to reach is one of the guiding factors in determining what level of cost recovery is appropriate. Cost recovery for Extension programs should be viewed as a continuum on a scale ranging from no cost recovery to full cost recovery. One way this may be determined is by recognizing whether the audience receiving the assistance is diverse or narrowly focused on individuals or groups. This continuum can be viewed as follows:

No Cost Recovery----------Partial Cost Recovery---------Full Cost Recovery

- **No Cost Recovery.** These are programs that are primary and fundamental to the mission of UME. These programs have no charge or minimal charge.

  Examples: Expanded Food and Nutrition Education Program, food safety classes for consumers, nutrition programs, farm safety, informational meetings for the general public, or education of volunteers contributing to Extension programs. This could also include targeted programs for limited resource audiences.

- **Partial Cost Recovery.** These programs are highly targeted and content specific and are also primary and fundamental to the mission of UME. They are based on existing programs, and are modified or customized for a specific individual, business, or narrowly defined group that is the primary beneficiary. They may be classified as programs for the “public good,” but could not be offered without additional financial resources. Partial cost recovery should include direct costs and may include recovery of indirect costs if administratively approved.

  Examples: Food safety classes for food service employees, farmer pesticide recertification, farmer grain marketing workshops, special seminars for an organization or group, after-school programs, newsletters and other publications, plant and pest identification, 4-H projects adapted for a specific teachers workshop, or a 4-H curriculum or materials fee for members.

- **Full Cost Recovery.** Customized programs developed for a specific group, individual, or business that realizes primary economic benefits. This might include ongoing one-on-one advising for a specific individual, group, or business.

  Examples: Food safety certification program for restaurant workers, commercial pesticide applicator training for a company’s employees, forest tax training for CPA’s, Child Care provider training for licensed and/or renewal, or a strategic planning retreat conducted for a local non-profit agency. These programs may recover direct project, project personnel, project development, and administrative/indirect costs.
Overview of Cost Recovery

The types of programs offered by Extension differ widely. Some programs are targeted toward individuals, families, community and government groups, and businesses. These programs generally fall in the category of no cost or partial cost recovery. Then too, there are programs requested that provide customized educational offerings for exclusive or private audiences. These programs fall into the category of full cost recovery. A general overview of the programs and how they may be viewed in making a determination about the level of cost recovery is reiterated below:

Characteristics of programs involving no cost or partial cost recovery:
- Anyone may attend the program.
- Materials are available broadly and may be shared with others.
- Subject matter expertise is readily available.
- Time needed to develop the program is a part of the overall plan of work.
- Time needed to deliver the program is reasonable within the professional’s work assignment.
- The program is part of ongoing efforts and may be broadly applied and utilized.
- No formal certification or credits are offered.

Characteristics of programs where there will be full cost recovery:
- Attendance is aimed at a specific group.
- Programs and services require customizing the curriculum for a specific group.
- Subject matter is appropriate for Extension, but current faculty may not have the expertise to develop and conduct the program.
- Continuing education units or certificates may be provided for completing the course/program.

ADMINISTRATION OF COST RECOVERY GUIDELINES

- Fees must be based on direct costs. Direct costs are those expenses essential to provide the program or service and can be directly attributed and related to providing the program. See UME Cost Recovery Worksheet
- Fees must be collected, deposited, and expended following university and federal guidelines (see Appendix A).
- It is the responsibility of the faculty/staff member coordinating the program to ensure that appropriate university policies are followed when fees are charged.
- A cost recovery worksheet must be prepared for all programs and approved by the appropriate Program Leader (see Appendix B).
- Fees should be deposited in the Extension Advisory Council, revolving, Impact Team, DRIF or campus department accounts that incurred the associated fees.
- When similar programs, materials, or services are offered at different locations, a consistent approach will be used to set cost recovery fees. The consistent approach will be considered and developed by the appropriate Impact Team in concert with the Program Leader liaison.
- Publication fees are incorporated into program costs (see Appendix C).
- Cost Recovery worksheets are located on the Administrative Services Office website under forms.
HANDLING AND REPORTING OF COST RECOVERY FEES COLLECTED

In any cost recovery plan for an Extension program, the acquisition, handling, distribution, and utilization of revenue needs to be established and agreed upon by the respective administrator(s) and faculty/staff prior to initiating the program. It is essential that appropriate university collection and accounting practices be followed in handling all funds. All checks and cash must have receipts and deposited within 24 hours, or on next business day, in the agreed upon account. Fees may also be deposited into the Impact Team accounts. The respective county, department, Impact Team or unit where cost recovery fees are housed must maintain an accounting and appropriate records. On an annual basis, for the fiscal year, records will be reviewed to ensure compliance with all university and federal regulations.

All cost recovery must be reported on MCERS.

SPONSORSHIP AND DONATIONS

Program sponsors may be secured to pay some or all of the costs that would otherwise be recovered through user fees. Program sponsors should be recognized appropriately in program publicity and materials. A disclaimer statement should be used on the printed materials to ensure that sponsorship does not imply an endorsement. This disclaimer statement is: Sponsorship of this program does not imply endorsement of sponsor by the University of Maryland. Sponsors and others who wish to financially support a program frequently anticipate their gift will be tax-deductible. If this is the case, funds must be deposited in either the University of Maryland College Park Foundation or Maryland 4-H Foundation account. Contact the respective administrators of these accounts for requirements and additional information.
Appendix A

Federal Cost Recovery Regulations

The United States Department of Agriculture Administrative Handbook for Cooperative Extension Work details user fee regulations in chapter 3. A brief summary of these guidelines 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 funds. In compliance with this federal policy, state and county cost recovery efforts may not extend to the salaries of these personnel. Fees cannot be substituted for state or county appropriated funds. It further states that clients be informed what the fees include.

Per USDA guidelines, educational activities and services for which fees may be charged to partly or wholly recover costs include the following:

1. Services that enhance the basic educational program, like mediated 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.

2. 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.

3. Supplemental educational programs funded entirely through county or private sources.

4. Non-educational costs, such as meals and refreshments, which are always subject to full-cost recovery.

5. Services such as water testing, forage testing, plant analysis, farm record analysis, and pest identification. Etc.

6. 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 participation fee basis. These programs shall be entirely self-supported with corresponding fees charged or grant or contract funding received.
APPENDIX B  Cost Recovery Worksheet

(Located on the Administrative Services Web Site under "Forms")

PROGRAM/SERVICE

STAFF MEMBER (S)

DATE

COST RECOVERY OPTIONS

<table>
<thead>
<tr>
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<th># of Anticipated Participants</th>
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<td>No-Cost Recovery</td>
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<tr>
<td>Partial-Cost Recovery</td>
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<td>Full Cost Recovery</td>
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Program and Service Costs

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<td>Equipment/Depreciation</td>
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<tr>
<td>Honorariums (food, mileage, fee &amp; etc.)</td>
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<tr>
<td>Planning costs/Development</td>
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<tr>
<td>Postage and Advertisement</td>
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<tr>
<td>Publications and Handouts</td>
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<td></td>
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<tr>
<td>Refreshments/Meals</td>
<td></td>
<td></td>
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<tr>
<td>Room Rental</td>
<td></td>
<td></td>
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<tr>
<td>Supplies and Materials</td>
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<td>Telephone</td>
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<td>Travel (Mileage and Transportation)</td>
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<td>Other Costs</td>
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<td>Total Program Costs</td>
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Salary/Benefits and Other Costs

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<th>Benefits</th>
<th>Total Cost</th>
<th>Other</th>
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Total Salary, Benefit and Other Costs $0.00

Total Cost $0.00
Facilities and Admin Costs
Grand Total $0.00

**Benefits calculated at a rate of 28% of hours multiplied by $ per hour
Ex: 10 personnel hours x $15/hour equals $150 x .28 equals $42.**
Appendix C

Extension Publications

Publications and other educational materials developed and/or paid for with federal or offset funds (e.g., state and county tax funds) are subject to federal regulations administered by USDA. Although each state is encouraged, to the extent feasible, to provide publications and materials without charge, it is permissible to recover costs related to reproduction, mailing, and handling. New publications that are part of grant-funded programs should include a budget that reflects the true cost of publications development, e.g. design, editing, printing, and distribution, when appropriate.

The college has both "free" and "for-sale" (cost recovery) publication programs. State and federal funds are allocated to support our "free" Extension publications program. Our cost recovery program currently recovers the cost of printing, handling, and direct mailing costs. We recommend expanding the cost recovery program to include all true costs associated with distribution, including the salaried position(s).

The college’s free publications program will continue to support providing a single copy of any non-cost recovery publication requested by an individual, group, or business within Maryland. The cost for all publications used in educational programs will now be covered through registration fees whenever appropriate. However, faculty and staff shall be required to recover costs for Extension publications used in conjunction with fee-based programs and grant or contract activities. Publications required for emergency response, Extension-sponsored programs will continue to be made available without charge.

It is recommended that all for-sale publications be handled through a centralized system of inventory control, distribution, and accounting.

Updated 7.19.10