

GUIDELINES FOR GENERATION AND USE OF FEES FOR MU EXTENSION

OVERALL CONCEPT:

To ensure long-term success in the 21st Century, MU Extension must continue to diversify all funding streams to increase revenues to support programmatic efforts across the state. Historically, cooperative extension programs have relied on federal, state and county appropriations as well as grant and contract funding to underwrite the cost of programs. Recent areas of growth in funding streams include gifts, sponsorships and fees. The current complement of resources being generated is not keeping pace with the rising costs of education or with the increasing demand for educational programming from Missouri constituents.

Over the past few years, the decreased availability of appropriated funds has created a greater need for the development of fees to support MU Extension programming. It should be noted that revenue generation via fees is not new to MU Extension. Continuing education programs have routinely charged fees. Counties often charge fees to supplement county commission appropriations. Fees currently support 25 percent of MU Extension's overall budget, 82 percent of the budget for continuing education programs and 5 percent of the budget for cooperative extension programs.

Missing to date have been consistent processes and procedures to guide fee-based revenue generation and to encourage adoption of these processes and procedures by faculty and staff. This document serves as a framework for the generation and use of fees by MU Extension and provides guidelines for establishing and implementing fees for MU Extension programs and services.

DEFINITIONS OF KEY TERMS:

- **Educational program** - a learning activity or event that addresses an identified educational opportunity or need. Educational programs focus on specific outcomes to improve people's lives through the practical application of research-based knowledge and resources. An educational program may be comprised of several meetings, activities or events.
- **Faculty and Staff** - employees of University of Missouri Extension.
- **Fee Generation Worksheet** - form provided for calculation of income and expenses for programs. Continuing Education units have other named forms used for same analyses and can substitute reference to their tool wherever Fee Generation Worksheet is referenced. This worksheet is used for organization-wide review of written financial risks for programs.
- **Fees** - the sum charged to MU Extension clientele to cover both direct and indirect costs to conduct a program, participate in an activity or provide a service.
- **Host** - the entity within the Extension community with front line responsibility for the event. The entity registering participants and collecting fee revenue.

- **Transparency** - full and complete accounting, disclosure and communication of all budgeted and actual revenue and expenses between MU Extension and all relevant program stakeholders

DETERMINATION OF FEES WILL BE DEPENDENT UPON CALCULATION OR CONSIDERATION OF THE FOLLOWING:

- **Direct Costs and Benefits** – those costs or benefits that can be identified specifically with a particular program/service. For example:
 - * Costs – personnel costs (staff preparation and educational delivery), refreshments, room rental, mileage, advertising, handouts, etc.
 - * Benefits – revenue, future revenue, sponsorships, volunteer hours, etc.
- **Indirect Costs and Benefits** – those costs or benefits that are not readily identified with a specific program/service, but are necessary for the general operation of the organization and conduct of the activities it performs. For example:
 - * Costs – secretarial support time; general office overhead; opportunity costs such as choosing one program over another or having staff assume additional responsibilities, etc.
 - * Benefits – the “feel good” associated with doing a program; goodwill created in the community; relationships developed with partners to support future endeavors, etc.
- **Public Good** – programs/services that benefit society in general, including citizens who do not benefit directly from the program or service. Public good programs provide benefit to those who attend the program as well as the community in general. These programs are often open to the public; however, they could be provided a targeted audience. Examples of MU Extension programming for the public good may include, but are not limited to:
 - * Programs to assist communities to improve their physical structures (i.e., main street revitalization)
 - * Programs provided to address public utility issues (i.e., watershed management or energy conservation)
 - * Programs that address public health issues (i.e., bird flu epidemic).

In contrast to Public Value – a Public Good is the specific program being conducted in the current time frame defined by its immediate impact. Public value relates to the outcomes over longer periods of time.
- **Private Good** – programs/services that directly assist an individual, group or business for personal gain, benefit or profit. This benefit or gain can apply to the client’s home, farm or business. Such programming may be provided to an individual or group of individuals. Examples of MU Extension programming for the private good may include, but are not limited to:
 - * Individual consulting or technical assistance (i.e., farm visit or financial counseling)
 - * Training provided for the staff of a local business (i.e., customer service or worksite wellness)
 - * Professional development for a segment of the industry (i.e., ag lender seminar).

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- * **Public Value** – The public value of an MU Extension program is the value of that program to *non-participants*.

Extension programs create public value by meeting one or more of the following criteria:

- Narrowing an information gap
 - Addressing crucial concerns about fairness
 - Benefitting those who do not participate in the program
 - Reducing costs for others
 - Improving market outcomes.
- * A public or private good can create public value.

GUIDING PRINCIPLES FOR A FEE MODEL FOR MU EXTENSION:

A successful fee model for MU Extension must have a solid foundation of principles from which to operate. Fees, and all revenue generation opportunities, will follow the “**MU Extension Guiding Principles for Revenue Generation.**” (available at <http://extension.missouri.edu/staff/feegeneration/>)

Further explanation of these principles as they apply to Fees follows:

- **Mission-driven** - Fees generated will advance the mission of MU Extension and its program partners.
- Generated from **Appropriate Sources** – The decision as to when to charge fees and what fees to charge will be based on ethical and legal considerations, including the consideration of public vs. private good, and will not detract from the integrity of the organization.
- **Appropriate Uses** – Fees generated will be used to sustain and/or continuously improve MU Extension programs and services in an efficient and effective manner.
- **Responsibility of All** – All faculty and staff will participate in the fee development, collection and distribution process as appropriate.
- **Organizational commitment** – Training, materials, tools and other necessary resources will be made available to assist in the development of fees.
- Driven by Teamwork and **Entrepreneurship**– MU Extension will support the innovative fee generation initiatives of individuals and teams, particularly interdisciplinary teams.
- **Fairness** – Faculty and staff will work with their appropriate supervisors to set clear and equitable revenue generation plans (derived from multiple sources that may include fees, grants, contracts, gifts or sponsorships).
- Motivation and **Incentives Based** – A system of rewards (financial and non-financial) for individuals, teams, counties, the organization and its stakeholders will be incorporated into the revenue generation environment – to include fee generation.

- **Accountability** – It is the responsibility of all faculty and staff who handle revenue generated from fees to act in accordance with accountability standards.
- **Access** - Reasonable efforts will be made to ensure that MU Extension programs and services are open to all, and that fees do not prohibit access.

PROCESS FOR MU EXTENSION FACULTY AND STAFF TO USE IN PROGRAM DEVELOPMENT AND FEE ASSIGNMENTS

1. Fee Determination

- a. All programs/services have a cost.
- b. There is **NOT** an expectation that every program must charge a fee.
- c. There is an expectation that all programs will be reviewed for projected cost and revenue potential, and a fee will be charged that is appropriate for the program and the audience.
- d. The assessment of revenue potential of a program should consider - the market conditions for the program (such as fees for similar programs, competition, uniqueness of the program, the value of the program to participants, ability of the audience to pay, the number of potential participants); other sources of revenue to support the program; stakeholder support; and how the program contributes to participants ability to be certified or licensed, or meet other requirements.
- e. A “Fee Generation Worksheet” will be completed for all programs, at the state (program director) and/or local level (individual faculty or staff member) as applicable. This effort will necessitate additional collaboration among all stakeholders, particularly at the outset. Stakeholders will vary by program but may include: program directors, regional directors, faculty, staff, councils and clients.
- f. The “Fee Generation Worksheet” will provide MU Extension with a standardized mechanism to capture projected and actual program expenses for the:
 - Host (county or campus department)
 - University of Missouri
 It also provides a mechanism to capture projected and actual program income from:
 - Sponsorships, and
 - Fees
- g. Fees for programming need to be discussed and determined jointly by all parties involved with the program/service provided. Program budgets, fee structure and fee distribution plans should be clearly communicated and endorsed by all program partners.

- h. Programs and services that are strictly for the public good are fundamental to the MU Extension mission. Programs for the public good may be offered at no charge or at a charge to cover the “out of pocket” expenses, such as room cost, refreshments, materials, etc.
- i. Faculty and staff have the ability in unique situations, with the appropriate approval, to determine that MU Extension will bear the entire expense of a program, if it is deemed to be central to the mission of MU Extension.
- j. Some MU Extension programs/services offer both a public good and a private good. The fee for these programs may be set between no cost and full cost. Alternative funding sources might be used when there is an inability for clientele to pay the assigned fee. Examples of alternative funding sources include local sponsorships, scholarships and grant funds.
- k. Programs and services designed for the good of a specific individual, group or business should be financed primarily by fees or sponsorships. MU Extension faculty would calculate the cost of a program using the “Fee Generation Worksheet.” In some cases, the program area and/or faculty member may determine that an initial number of hours of service warrant being provided at a reduced fee.
- l. Program Directors and/or CE Directors will lead efforts to set a base fee for programs where fees are deemed appropriate. All faculty and staff who deliver programs will be required to collect at least the base fee, with the flexibility at the local level to add additional amounts to the required fee to cover local costs. The base fee may be paid through alternative funding sources as noted above. There also may be a maximum total fee established if it is deemed appropriate to do so.
- m. Program fees should be calculated in a consistent manner for all programs. Specific programs or services may have fee rates that vary, but the inputs into the cost shall be calculated in the same manner. It should be clear from documentation (i.e., the “Fee Generation Worksheet” audience demographics, past records, etc.) why there is a variance in price for a program from one location to the next.
- n. Base Fees for statewide programs should be similar across geographic areas.
- o. Fees for programs that are not statewide may need to be adjusted to local market conditions. The “Fee Generation Worksheet” should be used to analyze projected expenses and income to determine potential fee assessments for programs.
- p. Fees established for programming are reviewed regularly to determine appropriate adjustments. For ongoing programs, this analysis is done annually. Stakeholders involved in setting the base fee are represented in the review process when significant adjustments are desired.
- q. *Total revenues can exceed total costs and available balances used to further program goals.*

- r. *Consideration of private providers will take place and Extension will avoid situations where use of our appropriated funds to subsidize a program creates a situation of unfair competition.*

2. Fee Communication

- a. All projected and actual revenue and expenses will be openly and honestly considered, discussed and communicated with program partners before crucial decisions are made.
- b. The “Fee Generation Worksheet” will serve as an official record of projected and actual expenses and income, and of the agreed-upon program fee to be charged.
- c. When a fee is charged for a program, the fee will be clearly communicated to program clientele during the marketing phase of program development.

3. Fee Distribution

- a. The fee distribution guidelines must comply with appropriate federal and state grant requirements. These requirements may require some variance to ensure compliance.
- b. When fees are collected, they should be shared among the county, regional and state units in a manner proportional to the dollars each provides in support of the program.
- c. If a decision is made that fees should be reduced, the Host out-of-pocket costs for the event will be covered prior to distribution of revenues to the University or to partners in the program. The decision to reduce fees should be made with appropriate approval, i.e., discussion with a regional director, program director or unit head.
- d. The “Fee Generation Worksheet” will be used by regional and state faculty and staff to determine actual costs and guide the proportional distribution of net revenue as appropriate.
- e. The recommended distribution of revenue to the appropriate county/host and state units will be phased in over a three-year period.
- f. For faculty and staff, county offices and state units that currently generate revenue from fees and use those funds to support individual or county program efforts, it is important to understand the impact that the “proportional distribution” model may have. Where resources to support a program come from multiple levels (county/region/state), the resulting fee revenue generated will be distributed back to all those levels involved. This will mean that to sustain current fees or grow future fee revenue at any given level, faculty and staff may have to explore additional strategies to increase offerings, increase fees (and/or sponsorships), or decrease the expenses associated with fee-based activities.

4. Fee Participation and Incentives

- a. It is important that MU Extension faculty and staff are conscious of the need to generate program/service revenues, and of the opportunities that exist to generate revenue through the assignment of program/service fees as applicable. The use of fees in many ways is a necessity, and this revenue generation mechanism provides opportunities for all to be involved.

- b. Some of the outcomes and opportunities expected as a result of participation in collection of fees include:
 - * Acknowledgement from customers that MU Extension programs are valued and “worth” paying for.
 - * Distribution of revenue from a program to all parties that bear a cost in the production of that program
 - * Long-term viability and sustainability of MU Extension programs and services
 - * Provision of additional flexible funds for faculty and teams
 - * Greater ability to maintain staffing numbers in an uncertain economic environment, as fee revenues will diversify the sources of funding for our programs
 - * Potential for additional contractual employees
 - * Possible additions of permanent positions as fee revenues grow over time.

- c. Specific financial incentives will play a role in creating a positive environment that embraces revenue generation. The following guiding principles will apply to the provision of financial incentives:
 - * Incentives should be shared by all partners involved with a successful fee-based program.
 - * Incentives cannot become entitlements. They should only be awarded in the context of budget available after costs are covered.
 - * The terms under which an incentive can be earned are clear to all partners at the outset.
 - * Specific incentive plans can be written and adopted by units/programs where there are overarching goals and standards by which the group can judge success. All incentive plans need the approval of MU Extension and University administration.
 - * The intent of an incentive plan is to inspire effort in specific areas that develop the program and increase its viability and productivity.