1. You have used the term “User Fees” throughout the report. Does this mean that other sources of revenue, like grants, gifts, and so forth, cannot be applied to the financial targets?

The User Fee report was developed to address program user fees. However, it was not the intent of the task force to suggest that revenue could only come from program user fees. It is perfectly acceptable to seek revenue from other sources, yet we need to keep in mind that educational program fees may be the most sustainable, may reinforce with our clientele that our programs have costs (which may also help reinforce the perception of program value), and may quite possibly, help us align our educational programming with our inherent strengths. The financial targets in this report were developed with program user fees in mind as the source. Other sources of revenue sent to CSUCE can be counted against the financial targets. Such revenue may come from local grant money (not indirect costs; see question 7), donations, gifts, and so on. It is strongly recommended, however, that educational user fee revenue efforts be implemented as part of the total revenue stream.

2. Many of us are already generating revenue at the local level to support various aspects of the local Extension budget. Does this revenue count toward the financial targets?

The financial targets and user fee report therein are intended to be beyond current revenues. Only the revenue that is sent to campus CE is credited toward the target. Obviously, the revenue that stays local and is used to support the Extension program is very important. It is also critical to have adequate revenue to support the Extension program strength of the CE organization as a whole.

3. We have always tried to keep fees to a minimum and are concerned that the clientele will not be willing to pay higher fees. What thoughts come to mind on this?

We are facing a fundamental shift in how we operate both for ourselves and for our customers. We must keep our options open to new ideas and new ways to serve the citizens, while making sure we have the necessary resources to get the job done. It is possible that some things we have done in the past will no longer be possible. Charging fees does not prevent us from using creative ways (waivers, scholarships, etc.) to assist low income clientele. It is ultimately our good judgement that will determine where and when to charge for programs.

4. Did the Task Force look at what other Extension systems are doing in the area of user fees, grants, and so forth?

The Task Force members did look at several other state efforts including Iowa, Kansas, and Minnesota to name a few. In fact, the spreadsheet was based on concepts already in place in Iowa and Kansas. The spreadsheet that we are using in Colorado is modified from their versions and actually is less complicated.
5. The incentives to reach the desired financial target are not as strong as I would like to see. What will cause any office to go beyond the base level expectation to the desired level given this situation? Also, it appears the only direct incentives are staff development. Why not just address this through the local office and then reduce the financial goal.

Granted, the staff development aspect could be addressed at some level by keeping all the funds in a local office. This, however, will not help the total CE organization maintain resource levels that support our comprehensive educational program strength. Regarding other personal incentives, there will always be an argument that direct personal gain through such things as bonuses, are powerful incentives. The User Fee Task Force does not set policy on this, but has encouraged entrepreneurial recognition in some form even if this does not come in the form of bonuses per se. Our merit salary system is based on achievement and rewards people for their performance. As an organization, we all have a vested interest in strong educational programs (the reason for user fees in the first place) that will serve the needs of citizens, and thereby sustain our future as well.

6. Why were financial targets established for the county and area offices, and not for Extension Specialists and Administrators?

The user fee report and financial targets were developed for counties and areas as a first step because that is where most program delivery occurs and this is only the first step as the Future Report is implemented. The on-going development of the Core Technical Team concept is intended to result in revenue to conduct educational programming. Administrators, Specialists, and Agents, will all have a key role in making the Core Technical Team concept work. Specialists are also expected to develop curriculum and educational programs that can be offered at the local level, thereby assisting offices with financial goals. As we evolve as an organization, we will still need to address in a more comprehensive manner how Specialist driven educational programs can produce revenue and mesh with local financial objectives. At this point, we encourage good communication and equitable sharing agreements.

7. Can indirect costs from grants that are managed through Sponsored Programs be applied to the local financial targets?

The financial targets in this report were developed with program user fees in mind as the source. Indirect costs are not intended to be applied to these targets.

8. What are the ramifications to any particular county or area who does not meet the financial targets?

We intend to be reasonable, and expect staff to use good judgement, and work for the best outcomes possible. It is very important that we give this our best effort and that we make it work. If any particular office is not successful in this area, we will need to figure out why and then work it out in a reasonable way.

9. Will the Extension system be able to see a periodic report of how we are doing with the financial objectives and also see how the funds are actually used?

Yes, it will be important to share this information in the system so everyone knows how we are doing and how the funds are used. There will be communication on this as information becomes available. We are scheduling “Idea Exchange” calls to help us all be successful.
10. The distribution formula assumed staffing was in place. What consideration is given if positions are vacant?

Changing the distribution formula when positions become vacant would shift the target goals to other offices, which would not be a good situation. If positions are vacant, however, this must be considered when using reasonable judgement. You must have people in place to carry out the educational objectives, which clearly are tied in with the user fee concept.

11. What happens if I share this with my County Commissioners and they don’t like it?

We are facing a fundamental shift in how we conduct the business of Cooperative Extension in Colorado. County Commissioners may react in a variety of ways to the information in the report, particularly if they see it as transfer of financial burden to them. Transfer of financial burden to the County partner has never been the intent. We must communicate this in a positive manner. The intent is, through user fees, to capture some of the legitimate costs of providing reputable educational programs. Counties use similar fee approaches to fund their operations through their departments such as Planning and Zoning, Criminal Justice, and other public serving sectors.

12. The spreadsheet can calculate a number but it doesn’t tell us what the market price for any particular program should really be. How do we determine a realistic market price that will attract clientele to our programs?

The spreadsheet will only calculate a projected break-even price using the costs and assumptions that one enters in the spreadsheet. This break-even price is influenced by factors such as local discretionary margin (which is up to the local office), and Agent system cost (which has never been considered in the past in pricing decisions). This still does not tell us what the public is willing to pay, only what it takes to break-even. Determining what the public might pay is another aspect that is also very important. Discussion and education around this topic will be planned. Sometimes, businesses will use a concept of cost plus a standard percent mark-up. This still doesn’t tell us what the customer is willing to pay, but if we start to understand our costs, we are in a much stronger position to be realistic in setting prices. Ultimately, the consumer will determine if they are willing to help support quality programs that have legitimate costs.

13. We are already sending certain program fees to CSU (examples are 4-H, Master Gardeners) Does this count toward our financial targets and if not, why?

The Future’s Report was very specific in stating that financial targets are based on new revenue. The 4-H and Master Gardener fees are not new revenue, and they are also already allocated within those program areas. The fundamental reason for this new aspect of user fees is to support broad, educational program strength.
14. How exactly will the transfer of money from the local office to CSUCE occur? Will the office be sent an invoice, and if so, on what schedule?

At this time, CSUCE accounting will likely send three invoices (each for 1/3 of the amount), starting no sooner than January 2005. Invoices would likely occur in January, March, and June, with funds due before the end of June, 2005. It is important, however, to generate cash flow as early as reasonably possible so revenue is available for the comprehensive program development objectives outlined in the user fee report (staff development, program support, etc). We will encourage payments as soon as possible after invoices are received.

15. Will the Smith-Lever Act permit charging for Extension Agent salaries?

This question is being examined at the Federal Level at the request of many Cooperative Extension systems who are also looking at user fees. In Colorado, we are not charging either directly or indirectly for Extension Agent salaries. The expense that is part of the Excel spreadsheet is the CSUCE system cost. The value of professional services part of the spreadsheet will help in calculating the associated system cost, but one does not need to place a value on these services to recognize system costs for cost-pricing decisions.

16. If something happens at the legislative level to mitigate the financial problems of higher education, will we then forget about user fees?

While we all hope for a long term solution in terms of higher education finance, it is premature to predict what this will mean to Cooperative Extension. In a best case scenario, user fees will still enhance what we are doing. We need to give this our best effort and make it successful.

17. How do we handle a client who says they cannot afford to pay?

Extension educational programs and services are open to all regardless of individual ability to pay. If someone says they cannot afford to pay, we still need to provide access. Some programs have provided scholarships, some have provided opportunities to volunteer, and some are set up to absorb the costs through their pricing structure. All are viable alternatives. It is important for people to understand that our organization is a tax supplemented organization, not an organization fully supported by taxes.

18. What process should an Extension Agent use to collect fees? In other words, should we only take checks (versus cash) and should we give receipts?

From an accounting standpoint, it is always appropriate to give a numbered receipt to the person who pays. We do not have a policy against receiving cash payments. A receipt should be provided. Payments should be managed in accordance with non-appropriated account policies, or local county account policies as appropriate.
19. Can we just write the user fee target into the county budget?

   The user fee program is based on the assumption that the user pay for the value received, that is, an educational program that addresses his/her needs. It is very important that our county partner does not feel like this is an expense being passed on to them. In cases where this is being done, the Extension office is also working to offset this budget expense with revenue. Done correctly, fees can increase how people perceive our programs.

20. There appears to be opportunities through such things as Answer Link, Expo, and Pro Green to bring in revenue. What are your thoughts on this?

   Answer Link is not currently set up to bring in revenue, but it is something we are considering and we may do this in the future. Pro Green has typically paid Extension Agent’s mileage. We need to benefit financially from successful conferences such as this where Extension personnel have been critical partners. We intend to have discussions with Pro Green and like conferences about this.

21. What has been the input from advisory committees toward user fees?

   The State Extension Advisory Council has been consulted on this. Some local advisory committees have voiced support as well. Communication has not been widespread among the advisory committees state-wide, or with Boards of Commissioners, pending internal communication within Extension. Communication with Boards of Commissioners will be forthcoming, with preliminary copies of the communication sent to the county Extension offices so questions that arise can be addressed.

22. What happens if a county decides to cease their relationship with Colorado Cooperative Extension for reasons related to user fees, or for any other reasons?

   The strength of Cooperative Extension is in our partnerships. We operate based on Memorandums of Understanding that outline the responsibilities of the respective partners. The partnership relationship we have is one of choice, not force. It is a partnership of cooperation. We need to remember that the reason for the partnership in the first place is to provide for the citizens of Colorado as best possible. If a county expresses concerns about this, and indicates they are considering ending our partnership, we would want to discuss this with them to insure that they fully understand the rationale behind this user fee program.