Travel Costs in User Fees and Equal Access to Extension

Extension Economics Notes # 2012-6

Travel costs are unique when included in user fees because of Extension’s promise to provide equal access throughout the state. This Note explores this issue and several alternative ways to handle this.

Standard Private Sector Approach on Travel Costs

Private consultants charge travel costs by estimating the mileage and multiply that times about 50 cents per mile. More importantly, consultants estimate the number of hours required to drive times the value of their time. An example is shown in Table 1 for three locations. Clearly, cost increases with distance.

| Table 1: Example of Estimating Travel Costs for Private Educational Consultant in Three Locations |
|-------------------------------|-------------------|-------------------|-------------------|
|                               | Close to Office    | Intermediate Distance | Opposite End of State |
| Miles event is from office - one way | 5 miles           | 50 miles           | 150 miles           |
| Cost per Mile (to drive)       | .50               | .50               | .50               |
| Mileage Charges                | $5                | $50               | $150              |
| Hours of Travel –one way        | .2 hours          | 2 hours           | 6 hours           |
| Rate Charged per Hour (or put in yours) | $ 100/ hour             | $ 100/ hour             | $ 100/ hour             |
| Time Charges                   | $40               | $400              | $1,200            |
| Total Travel Costs             | $45               | $450              | $1,350            |
| Cost per Person (assuming 25 participants) | $1.80             | $18.00            | $54.00            |

Statewide Access and Regional Delivery

A number of states have moved to statewide programming and regional delivery by field specialists because these specialists can provide greater depth of programming more efficiently. Naturally, travel increases with regionally delivery. This situation raises two important questions:

1) If fees are higher in some part of the state than in others, does everyone have the same access to Extension programs?
2) What are the ways to ensure that access is equal throughout the state?

Extension Economics Notes is a faculty project and may not reflect the views of the University of Minnesota or its units. I appreciate the feedback from several colleagues but any errors or omissions are my responsibility. From 1974 to 2002 I was a faculty member and state specialist in at South Dakota State University, Ohio State University, and University of Minnesota. From 2002 to 2007 I served as the Associate Dean and Director for the University of Minnesota Extension.

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If the fees increase with distance, than access varies by where you live. Since all state Extension Services promise equal access to their programs throughout their state, the fees cannot vary from place to place, even though there are differences in travel costs. How can your program team simultaneously provide equal access across the entire state, charge fair user fees, be transparent about the costs underlying the fees, and encourage staff to deliver programs regionally or statewide? Next, I explore some options for assuring equal access while dealing with these issues.

**Options for Charging the Same Fee throughout the State**

There are at least four options for charging the same fee throughout the state. These include the following:

1) Estimate the average travel cost, including both mileage and time, and include it for all programs;
2) Estimate the average mileage cost for the entire state and include it for all programs;
3) Report the costs as totals with the elements listed but not the detailed costs; or
4) Do not include travel costs as part of the fees anywhere in the state.

**Option 1: Estimate the average travel cost, including both mileage and time, and include it for all programs.**

In this option, the average distance to programs would be estimated and then the cost both for mileage and for time would be estimated. There are several ways to estimate the average cost. The locations of each of the event could be determined and mileage and time to them determined and then averaged over all of them. Alternatively, the mid-point between the closest and most distant program event sites could be determined and estimates made for this.

The major advantage of this approach is that it provides the greatest financial sustainability for the program. Since time is included as well as mileage, this makes it more possible to continue the program even if there are severe budget cuts.

The major disadvantage with this option is that if fees are new to the program, this adds a major cost item. Communities close to the office are unlikely to understand why they should subsidize the travel to remote areas. Two means of handling this are discussed in options 3 and 4 below.

**Option 2: Estimate the average mileage cost for the entire state and include it for all programs.**

This is identical to Option 1 except that it only includes the mileage and not the time. I separate this out because there are some programs for which salary time is not charged (*Extension Economics Notes # 2012-2*). Otherwise, estimate the average mileage charge in the same way as above.

The major advantage of this option is that it is easier for many stakeholders to accept than the higher fees that stem from above. Further, there is no debate on whether or not salary should be included.

This alternative’s drawbacks are similar to above. Especially if you break out the travel cost as a separate item, nearby communities will object to paying the average costs while remote ones will never volunteer...
to pay above average. Options 3 and 4 provide a means of dealing with the concerns of nearby communities.

**Option 3: Report the costs as totals with the elements listed but not the detailed costs.**

Option 3, which can be used with either options 1 and 2, often makes travel costs more acceptable by putting them into perspective.

If someone asks what time it is, he expects an answer with the hours, minutes and maybe seconds. He does not assume you will give details on how your watch was made. Likewise, most people expect to hear the fee up front and not the details on cost estimates. Some will appreciate hearing that other groups cover part of the cost, reducing the fees. You might use a statement such as the following:

“The fee is $\_X\_ per person (or any other appropriate price per unit). This fee covers \_Z\_ percent of the cost of bringing you this program thanks to the funding provided by the University of XYZ, the State of XYZ, the USDA, and XYZ foundations and corporate sponsors. ”

For those that want more detail about what are included costs, you might say:

“The total cost includes all of the costs which go into the development and delivery of this particular program event, including the time spent by state specialists on the applied research and curriculum development, program evaluation as well as meals, materials and average travel costs.”

Very seldom do participants want any more detail than this. But it is wise to have the average costs available if they do. What should you say if someone suggests that the average transportation cost is too high for the distance you had to travel for their program? One response is as follows:

“While these average estimates are not the exact costs for your program, the fees charged are only \_Z\_ percent of the total costs, with the rest covered by the University of XYZ, the State of XYZ, the USDA, and XYZ foundations and corporate sponsors.”

**Option 4: Do not include travel costs as part of the fees anywhere in the state.**

Sometimes you will want to completely omit the travel costs from the estimates as a way to make them the same across the state. You might do this for pilot programs, ones with large public value to private value ratios, or ones with historically low fees.

The major problem with this policy is that the cost is still there. While the public easily understands that there are travel costs, they seldom realize how large these are. This approach does not help them better understand these costs.

The benefit of this approach is that it takes a potentially controversial cost item off the table completely. However, if you estimate the costs of travel but explicitly exclude them from the part that is covered by fees, this eliminates the problem and captures the benefit of the audience learning about this cost.
Program Team Discussion Question

How are we going to handle travel cost estimates?

Use the “Pros, Cons and Modifications” method to discuss this issue in your team. This approach encourages creative solutions and avoids heated emotional debates. For a description of this method of team discussion, see the end of Extension Economics Notes # 2012-1.

Are there ways we can reduce the travel costs and time?

Consider circuit riding options, a mix of on-site and distance education presentations, and announcing all locations in advance to ensure coverage but also avoiding endless small meetings.

There is strong evidence that distance educational delivery is as effective as face to face delivery. See The No Significant Difference Phenomenon: A Comparative Research Annotated Bibliography on Technology for Distance Education by Thomas L. Russell (2001, IDECC, fifth edition). This book is a research bibliography of 355 research papers and reports that detail no significant difference (NSD) in student outcomes between face to face and distance education methods. Also see: http://www.nosignificantdifference.org/about.asp

In addition to distance education, a number of centralized support systems can reduce the overall cost of delivering programs and reduce considerable amounts of travel, including:

1. telephone answering systems,
2. online program registration,
3. sales of publications and products,

The manner that the above systems work in a regional system is outlined in Chapter 8 “Regional Support Systems” in The Minnesota Response: Cooperative Extension’s Money and Mission Crisis (George Morse, Ed., iUniverse, Bloomington, 2009).

Should we ever turn down a request to do a session because the distance is too far or the meeting too small?

My own bias: The distance within the state should not matter for statewide programs. If size is a factor, this should be part of the promotional materials to help local organizers understand the requirements. However, every program is different so the team needs to explore what is appropriate for their program.

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