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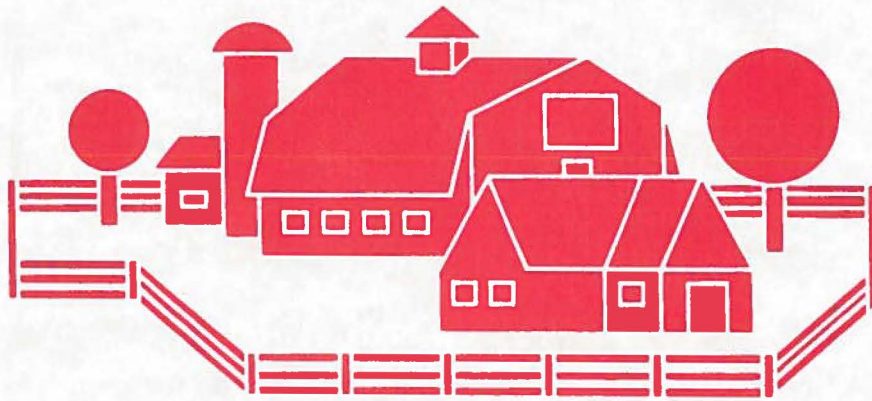
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FARM MANAGEMENT: CHALLENGES AND RESPONSIBILITIES FOR A NEW AGE



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COST RECOVERY: REGIONAL EXPERIENCES AND IMPLICATIONS

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Most state Cooperative Extension Services did not adopt any form of cost recovery policies until recent years. The state Cooperative Extension Services were operating under the mission "—to aid in diffusing among the people of the United States useful and practical information on subjects relating to agriculture and home economics and encourage the application of same." (Smith-Lever Act, 1914). The state cooperative extension services operated under the mandates of state and federal statutes as a part of the nationwide cooperative extension service system. Within this system, both federal and state statutes provided for direct appropriations of tax monies to the respective cooperative extension service to provide for both direct and indirect costs of conducting educational extension programs in pursuit of their basic missions. In short, the operational concept was that state, federal and county funds were appropriated to cover all the costs of extension educational programs.

However, as some of the extension activities were more service oriented than educational, many state extension services did charge the user for services received related to soil testing, livestock ration evaluation, plant analyses, selected specific publications and farm management or farm record associations.

In recent years, extension administration in several states, with the support of extension advisory committees, instituted cost recovery and/or grants programs to generate additional revenue to provide or improve the quality of extension programming. This occurred as several states down-sized in numbers of state, district or county personnel.

The establishment of cost recovery policies have usually followed basic user fee principles.

- a. ability to pay
- b. benefits received
- c. easy to administer
- d. equitable (fair)

Some of the advantages of user fees or cost recovery policies include:

- a. generates additional income for program support (travel, cost of publications, etc.)
- b. improves or maintains quality of program
- c. provides a mechanism for voluntary program participants to pay for meaningful program
- d. meets the psychological needs of program participants as they may feel the program is improved since they must pay for it.

Some of the disadvantages of user fees include:

- a. may be viewed as discriminatory if some potential program participants are kept away by the fee
- b. resisted by some extension personnel as well as some clientele.

- c. selected extension personnel may feel the policy is not fair (for example, differential travel costs for different locations within the state may be viewed as discriminatory)
- d. Selected programs are not suitable for a charge system.

Examples of user fees that have worked in the selected North Central States include:

- a. charging for most or all CES publication
- b. charging participating farmers to pay IPM scout salary, travel, etc.
- c. charging registration fees for many programs for selected clientele (for example, income tax practitioners, estate planners, pesticide applicator training)
- d. charging fees for in depth workshops of one or more days duration for crop production, swine management, beef management, dairy management, agricultural lender, conservation tillage and micro-computer workshops

In addition to charging user fees and registration fees as listed above, some cooperative extension services have encouraged extension personnel to prepare grant proposals that would expand or enhance on going extension effort. Some successful programs that have been funded are related to energy, energy conservation, conservation tillage, soil fertility management, financial management, litter cleanup program, and application of municipal sludge to farm lands. There are many other examples, but these are typical of funded proposals that have enhanced the ongoing extension project.

Some of the results of user fees and successful grantsmanship are as follows:

- a. publication charges
 - 1. Shifted some costs from state level to county and areas
 - 2. Reduced significantly the number of publications printed and distributed.
 - 3. Decreased the number of CES bulletins prepared.
 - 4. Shifted to 2-page fact sheets rather than larger/lengthier bulletins.
 - 5. Increased cost of publications to users due to decreased number printed and distributed.
- b. Charge for specialist travel
 - 1. Allowed specialists to continue to conduct educational programs after travel allocation was expended.
 - 2. Created some problems initially as all specialists within the same department may not charge for travel, but did attend some of the same educational meetings.
 - 3. Reduced effectiveness of extension programs in that some county agents simply would not request special assistance if the county or users had to pay for extension travel.
 - 4. Forced the extension specialist to set program priorities in deciding what programs to request travel reimbursement.
- c. CES Advisory Committees
 - 1. Encouraged, in general, extension administration to establish user fees.
 - 2. Believed efficient extension administration could and should generate additional funds to expand/continue needed programs.
- d. Regional Implication

I am not aware of any evaluation studies of the impact of user fees upon extension programming. My opinion is that the adoption of cost recovery policies has increased the rigor in which program priorities have been set within several states. I further believe that cost recovery policies, on balance, have been beneficial to extension educational programs as we have found what programs are important enough to clientele that they are willing to pay in order to receive the benefits. Further, I am not aware of any state in which the cost recovery policies were so restrictive that potential extension clientele were kept from participating. In summary, I expect user fees to continue to be refined and will be a part of extension programming for many years.