

Joint Task Force on Managing a Changing Portfolio

Final Report
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Extension Committee on Organization and Policy (ECOP)
NASULGC

FROM: Joint Task Force on Managing the Changing Portfolio of the
Cooperative Extension System

The Cooperative Extension System (CES) is the only comprehensive, national infrastructure in the world that dynamically links individual citizens and communities with their public universities and all levels of government in a mutual and continuous applied learning relationship. As such, the CES is a strategic American asset that has demonstrated an extraordinary ability to leverage resources for the public interest and good.

We are pleased to deliver to you the final report of our task force. It contains our analysis of changes affecting the national CES over the past 35 years. We also provide recommendations for best practices that the federal partners; the system of public, land-grant universities; and the state Cooperative Extension Systems should consider in order to continue to improve the quality and positive impact of Extension programming.

These recommendations are offered with recognition of:

- the changing environment for funding and availability of other mission critical resources, and
- the need to continue to address the evolving lifelong learning needs of communities and citizens who benefit from the systematic application of research based knowledge generated by America's leading public universities to improve the quality of life in our nation.

We are grateful to the many individuals throughout the national system who have contributed to this report, and USDA-CSREES' Jennifer Martin for her technical assistance in its production and Robert Hedberg for his contributions to the report.

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EXECUTIVE SUMMARY

The Cooperative Extension System (CES) is a publicly funded, nonformal education system that links the educational and research resources and activities of the U.S. Department of Agriculture (USDA) Cooperative State Research, Education, and Extension System (CSREES), seventy-four 1862 and 1890 land-grant universities (LGU), thirty 1994 institutions, and approximately 3,150 county administrative units. The Cooperative Extension System's stated mission is to enable people to improve their lives and communities through learning partnerships that put knowledge to work. Numerous other federal agencies collaborate with the CES and USDA to address important national, multi-state, and state issues and problems through research-based educational programs. The CSREES Administrator is a member of the national committee that provides nationwide leadership for the CES, the Extension Committee on Organization and Policy (ECOP), operated through the National Association of Land-Grant Colleges and Universities (NASULGC).

Extension has for a long time completed work and delivered services for pay. Additionally, Extension has a history of doing grant and contract work and receiving gifts – thus directed funding. Grant and contract work usually is accompanied by an instrument that tells what the awarding organization is expecting in return for the funds transferred. The same is true for most gifts. Thus, although the contractual instrument is different in nature the concept of doing work or providing a service for pay is well established within the CES. The NRI (National Research Initiative) and USDA/CSREES grants, for example, represent a situation in which USDA is directly involved in agreements transferring funds for work or services performed. Fees are similar in that the patron pays a cost for the right to be served or to receive a good. The amounts transferred may be smaller and the patrons are often from the private sector, but the objective of the transaction is the same. It is important to keep this basic similarity in mind when developing a policy for fees within the CES.

In early 2004, the Chair of the Extension Committee on Organization and Policy (ECOP) and the Administrator of USDA's CSREES appointed a task force of extension directors, extension administrators, and CSREES staff to review the changes affecting funding for the Cooperative Extension System nationwide. The task force also was encouraged to recommend actions and best practices that institutions might consider to maintain and improve the quality and impact of extension programming in the face of a constantly changing financial situation.

The task force acknowledged that change has been a constant feature of the Cooperative Extension System since its creation almost 100 years ago. The national CES has changed significantly in the past 30 years, adding new partners – 1890 institutions and the 1994 tribal land-grants – expanding programming significantly in the human sciences and becoming a trusted source of professional training and certification programs. Unchanged, however, are the guiding principles of the CES – the commitment to quality programming, backed by the best research available and delivered to have significant impact on local, regional, and national needs. These principles must be front and center in any current and future discussions about funding for the CES.

These changes have occurred against a backdrop of shifting financial resources. Federal funding through base (formula) funds has remained flat with the federal government moving to more competitive funding models. State government contributions to Cooperative Extension increased substantially in the 1980s but not equally across the country. Local government support is patchy – some local governments increasing support, others providing none. As the relative importance of these public funding streams has changed, so have the management challenges as Extension directors and administrators seek to respond to local, state, and national priorities for the CES. Especially important is the fact that as state and local

governments have increased appropriations relative to the federal partner, more attention has been placed on local issues, possibly leading to a more fragmented national CES more responsive to state as compared to national priorities.

Indeed, each state and institution has responded to the challenge in its own way. Some institutions have aggressively sought external grant funding to support programming. Others have reorganized offices and staff to maintain program integrity in the face of budget cuts. Some institutions have experimented with the imposition of fees for programs that result in a private individual benefit, such as certification or accreditation. The public has also responded with a desire to shoulder some of the management and funding burden of popular extension programs through private donations and the creation of Extension-related non-profit organizations. It should also be noted that many state Cooperative Extension Systems receive infrastructure and other forms of support from their host land-grant institution that are not reflected in the Extension budgets that are shown in summary form in this report. The original source of these funds may likely be state appropriations. Thus, this report likely significantly underestimates general university and/or states support of the CES.

Each of these solutions has attractions and potential pitfalls. The institutions represented on this task force have described the efforts they have individually pursued in meeting the needs of their constituents and institutions. The examples presented in this report are not the complete universe of options available to Extension directors and administrators, but represent several “best practice” suggestions.

The Cooperative Extension System need not fear changes in funding models, but the system must identify the most attractive opportunities available for enhanced programmatic and resource generation and proceed in a manner that maintains the quality and integrity of the Extension system as a whole. To that end, the task force developed the following twelve recommendations that the members believe will begin to result in a more consistent approach to several of the critical issues facing the CES as the funding models to support the program continue to change.

- 1) The task force recommends that Memoranda of Understanding with federal and state agencies be developed as effective means to fund Extension activities and broaden the constituency for Extension according to the specific guidelines.
- 2) The task force recommends that Extension programs should not be privatized.
- 3) However, the task force recommends that specific Extension activities may be privatized under certain conditions.
- 4) The task force recommends that state CES organizations take an active role in the coordination of all private fund raising and program operations related to Extension within a state.
- 5) The task force recommends that state Cooperative Extension Systems (i.e. host LGUs) which do not already have a professional fund-raising/development unit add such a function and that skill-building in this important area of funding be undertaken nationally.
- 6) The task force believes that charging fees for CES programs is appropriate in several circumstances. The decision to establish user fees for a particular CES program depends on a number of factors.
- 7) The task force recommends that when fees are collected in excess of program costs (e.g.

professional training) that the surplus is invested into the originating program area.

- 8) The task force recommends that a fee structure be considered for certain publications and intellectual properties.
- 9) The task force recommends that CSREES review policies to allow for the maximum flexibility within the law for fee generation.
- 10) The task force recommends that the ECOP Program Subcommittee invite the USDA-CSREES Director of Youth Development to establish and present criteria for the sanctioning of regional and national private organizations for use of the 4-H name and emblem.
- 11) The task force recommends that CSREES develop grant-writing workshops specifically targeted to the Extension community to maximize the integration of research, Extension, and education functions.
- 12) The task force recommends that state CES organizations continue to develop faculty evaluation and accountability mechanisms that include an evaluation of a faculty member's ability to generate external support for Extension.

These recommendations may not be appropriate for every institution in every circumstance. Implementation of these recommendations may occur on the national, regional, or individual institution basis. Some may require statutory change, while others simply require an acknowledgement that the Cooperative Extension System is a living organization that continues to serve its mission despite changing circumstances. Just as Extension educators have adopted CD-ROMs and the Internet for the distribution of program materials, Extension also needs to adapt to a new funding environment that contains a greater emphasis on grants, fees, and private contributions to maintain the quality programs United States citizens have long enjoyed.

INTRODUCTION

For over 100 years, Extension has proven to be a successful model for the local, state, and federal governments to work cooperatively with the national system of land-grant universities and local citizens to efficiently solve problems. This cooperation takes the form of problem-focused research, education, and applied learning (Extension education). The national Cooperative Extension System as it exists today is both a lifelong-learning model and a set of educational programs. The CES is the core infrastructure in America for transferring research, education, and applied learning to improve the quality of life, agriculture, other forms of commerce, and the nation's natural and renewable resources of its citizens and their communities of place and interest. The CES is the only comprehensive, national infrastructure in the world that dynamically links individual citizens and communities with their public universities and all levels of government in a mutual and continuous applied learning relationship. As such, the CES is a strategic American asset.

The funding model for the CES is also nearly 100 years old. As we have seen in the past decade, however, the model is being stretched to its limits by increasing demands to supply information and programs without a concomitant increase in funding by the public sector. In an era where public financing for Extension is, at best, stagnant while at the same time, demands for service grow steadily, the CES must seek and develop new funding relationships if historic levels of service are to be maintained. The CES has the opportunity to take advantage of substantial public commitment to the system and its programs to enhance financial resources. How these resources may be harnessed and used while maintaining the historical commitments of Extension to research-based quality information and universal access are the subjects of this report.

There has been a history in CES for providing work and services for pay. Additionally, Extension has a history of doing grant and contract work and receiving gifts – thus directed funding. This work usually comes with expectations in return for the funds transferred; the same is true for most gifts. This practice is well established within the CES, and is largely represented by the grants awarded by USDA/CSREES. Fees represent a similar situation in that the patron pays a cost for services and goods. Even though the amounts are smaller and patrons are often from the private sector, the objective of the transaction is the same. It is important to keep this basic similarity in mind when developing a policy for fees within the CES.

The work of the Cooperative Extension System encompasses diverse perceptions about the purposes of outreach and extension work. These include but are not limited to the development and implementation of a set of programs based in research and proven through best practices, and for which the USDA's Cooperative State Research, Education and Extension Service remains the primary federal partner. The Extension programs are those that are established via needs assessment, are conducted from a base of scientific research, involve a long-term commitment of funds and are subject to frequent assessment of quality and impact. Extension programs have traditionally been developed in the following subject matter areas:

- o Agriculture and forest productivity, development and stewardship
- o Natural and renewable resource development and stewardship
- o 4-H youth development
- o Healthy families
- o Community, economic, and workforce development.

These programs are found in most states and territories yet vary based on specific priority needs in each

location. Despite program implementation diversity, nationally the CES aspires to construct and provide the best possible programs to bear on the value of advancing, creating and disseminating knowledge spanning the biological, physical and social sciences.

The CES Task Force on Managing a Changing Portfolio has discussed the issues of program diversity and program quality and has wrestled with the challenges of funding a nationwide, research-based education system reflecting national priorities and responding to local concerns in the 21st century. This report does not attempt to prescribe one set of thinking about these issues. The diversity of programs and operational modes within the CES would make that task nearly impossible. Rather, this report outlines several issues facing the CES in the realm of non-public financing and presents some best practice solutions from state CES organizations around the nation. The task force does not expect that every state will adopt these practices, but it does seek to establish a minimum level of understanding of these issues. In that effort is the implication that this is the first in a multi-step process intended to transform CES funding options.

GUIDING PRINCIPLES

The task force began its discussions on managing a changing portfolio by creating a set of guiding principles to govern discussion, not just within the task force, but within the CES as it wrestles with funding issues. These principles are not just guidelines for reaction when something goes wrong or when a dilemma is found. Rather, they should proactively guide the planning and implementation of programs and foster the continuing and changing development of the CES.

The five principles are not independent, but overlap in many ways. Conversely, there may be times when these principles conflict and leadership within the CES will have to choose among them. Each principle is illustrated by a number of statements to amplify the meaning of the overarching principle, and to provide guidance for its application. These statements are illustrations and are not meant to include all possible applications of that principle or to be viewed as rules that provide the basis for sanctioning violators. These principles are part of an evolving process of self-examination and continuous improvement of the CES, and should be reconsidered on a regular basis.

1. The Cooperative Extension System Pioneers Leading Edge Ideas and Solutions

- The CES uses educational technology, innovation, and other best practice strategies that produce the most learning or impact.
- The CES programs have a clear purpose with focused outcomes and objectives that reflect a strategic national or multi-state and regional commitment.
- Each major Extension program and programs added to the portfolio are directed by a strategic plan. Such plans include at least significant stakeholder and CES-wide inputs; clear identification of the problem or issue; and a concise description of the vision and mission for each program or set of educational programs.
- CES programs will emphasize problem-based as well as knowledge-based learning.
- Other major areas of national or regional need for public learning and applied best practices through Extension education will continue to emerge wherein the CES may be substantially expanded or otherwise adjusted to address the identified problem over time. Examples include energy development, use and optimization; improved homeland security; better public health; housing and urban development; public education; youth development; and business and workforce retention and development.

2. The Cooperative Extension System Maximizes Partnerships

- The CES creates deep, rich, focused, and reciprocal partnerships with nonprofit, for profit, foundation-like agencies, and interested parties with the ability to advance knowledge about and resolution of identified problems.
- The CES develops and maintains interactive, reciprocal partnerships with other local, state, and federal departments and agencies that include recognition of distinct missions, resource sharing, collaboration, and complementary involvement in programs.
- The CES maintains and expands contacts with business leaders and other organizations to help them accomplish their goals in an increasingly complex and international environment.

3. The Cooperative Extension System Leverages Other Capital to Create Value

- The CES seeks its full share of federal, state, and local revenues to meet a realistic, long-term estimate of its needs.
- Competitive funding will continue to grow while also providing stability to the CES.
- The CES aggressively pursues private gifts and other forms of public funding in support of

quality programs; keeps fees, other constituent costs, or other novel funding mechanisms reasonable and predictable; and ensures that its budgetary policies and practices all support strategic priorities.

- All major collaborations involving the CES will include funding commitments from the partners to support the average or full cost of adding a program to the CES portfolio, rather than simply the marginal cost.
- The CES leverages facilities, equipment, processes, partnerships, intellectual property and other resources to maximize program impacts.

4. The Cooperative Extension System Operates with Integrity and Efficiency

- The CES fosters the social equity of program access, so that the greatest breadth of citizens can benefit and pays priority attention to regions with unusually underserved populations.
- The CES ensures that each of its components has a clear, substantive, and distinctive mission that supports the mission and vision of the CES as a whole. The CES also encourages program collaboration and otherwise minimizes unnecessary duplication among its constituent higher learning institutions and other operating entities.
- The CES has obligations that encompass the public interest and good. These obligations are particularly important in the context of public funding.
- The CES adheres to the highest appropriate standards in conducting work to increase accuracy, impact, and credibility.
- CES professionals possess the education, abilities, skills, and experience appropriate to undertake the tasks proposed.
- When planning, implementing, evaluating, and improving programs, the CES includes important perspectives and interests of all stakeholders. The CES carefully considers the justification when omitting important value perspectives or the views of any group.
- Clear, high quality, frequent and mutually respectful communication within and among the national CES, its clients and stakeholders, and their appointed and elected leaders and representative bodies is expected of CES professionals and partners. This is particularly true with improved citizen awareness and access, strategic objectives, and impacts of CES programs.
- Educational programs provided by the CES for the public good in the cases of (a) disaster and crisis response and (b) programs offered for individuals, families, and communities with limited financial resources should not be subject to user fees beyond recovery of incidental costs.

5. The Cooperative Extension System Creates Significant Impact

- The CES consistently employs systematic and data-based, assessment, planning, and evaluation practices. Program strategic plans include a means to monitor, assess, and state clearly the intended program impacts and a means for feedback of assessment data to evaluate and improve the program, and to recognize when its objectives have been met.
- Priorities for focused applied science and best practices-based education resulting in positive behavior change and/or scientific advancement of processes are based upon continuous, systematic, and publicly accessible assessment of changing citizen, community, and aggregated learning needs aided by selective application of advanced information and learning technology (for example, eXtension).
- Program quality and measurable impact of progress toward solving identified problems and/or issues resolution is consistent with the values, goals, and commitments of the university and college partners represented within the national, land-grant, public higher education system (i.e. NASULGC), and the federal partners and is a prominent feature of the CES.
- The CES program portfolio reflects a strategic national or multi-state and regional commitment. The CES provides competent performance for stakeholders to respond to issues such as:

- Improving agricultural productivity
 - Creating new products
 - Protecting animal and plant health
 - Responsible stewardship of the environment and natural resources
 - Promoting sound human nutrition and health
 - Strengthening children, youth and families
 - Revitalizing American communities.
- The CES supports the responsibility of individual institutions to monitor and meet local needs, and to take advantage of local opportunities by initiating collaborations whenever appropriate, by acting on their own when it is consistent with program quality and mission, and by functioning as effective brokers to bring to bear on local needs the resources of the entire CES.
 - The CES recruits and retains talented leaders, faculty, and staff who are diverse in background and committed to the missions of their respective institutions. Significant basic and intermediate level orientation and training are provided for all CES personnel within the first six months of employment or major assignment change, respectively, to help ensure the continuity and continuous relevance of the program portfolio. In addition, the CES supports personnel with the basic resources they need to do their jobs, affords them professional development opportunities, and encourages excellence and teamwork.
 - Freedom of information is essential in a democracy. Hence, barring compelling reason to the contrary, the CES allows all relevant stakeholders to have access to program and evaluative information and actively disseminates that information to stakeholders as resources allow.

35 YEARS OF CHANGE IN COOPERATIVE EXTENSION

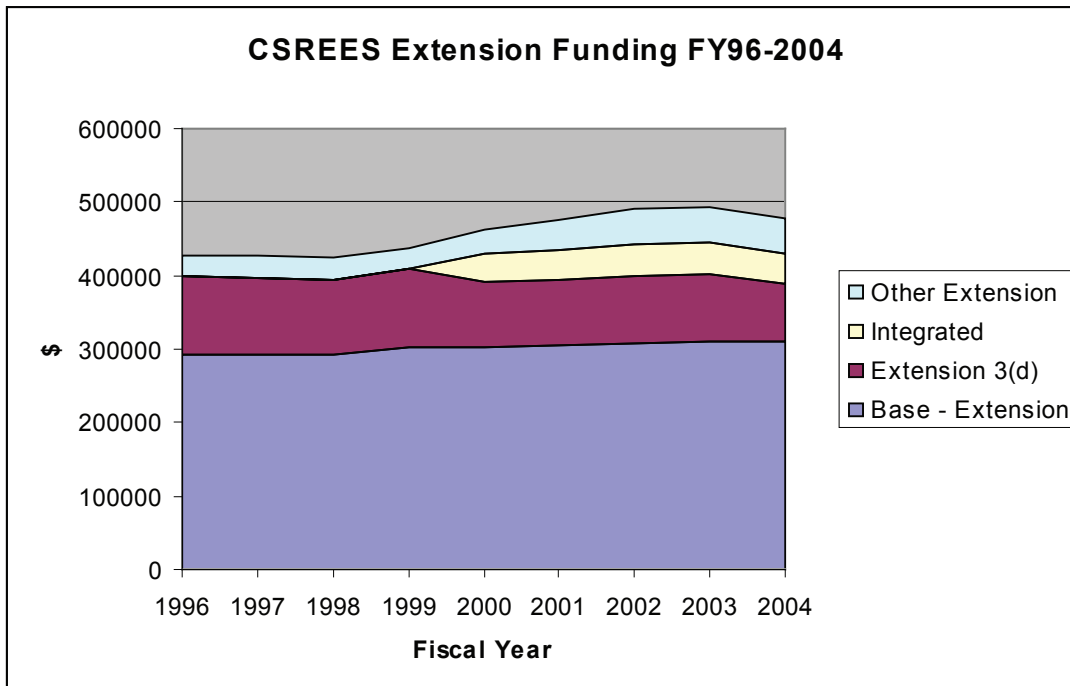
Cooperative Extension has changed dramatically in the last 35 years. It is important to look back on the scope and type of change that has occurred to understand where the CES is headed both in terms of funding and programming. This task force chose 1970 as the starting point with which to compare changes in Extension. In 1968, USDA’s policy on charging fees for CES activities was established and thus creates a natural bench mark from which to begin an analysis.

The world of the land-grant university and CES is radically different than 35 years ago. The clientele that land grant universities serve has changed as rapidly as it has grown. Extension is now one information source among many, leaving citizens to wonder which venue provides the most reliable information. How the entire system reacts to these changes and maximizes the opportunities presented by them will in part determine how Extension will look 35 years from now.

Changing Mix in Extension Funding

One item that has not changed substantially is the overwhelming importance of federal, state, and local government contributions to CES funding. Federal base funds remain central to the overall funding of Extension. However, they should also be considered leverage for contracts, grants, and fees as well as leveraging substantial state and local appropriations - although they have not increased substantially in the past 10 years (Figure 1). What has changed is the mix of those funding streams. That change and the downstream influences on how Extension directors manage programs is the essence of the work of this task force.

Figure 1. Total CSREES Extension Funding Fiscal Year 1996 – Fiscal Year 2004 (\$1000)



In 2004, the Extension Committee on Organization and Policy (ECOP) Budget and Legislative Committee sampled the opinions of Extension directors and administrators about funding changes and the importance of base funding for Extension activities. The survey showed that Extension directors and administrators still rely heavily on Smith-Lever funds for basic Extension work. This fact, however, may be changing. In the ECOP survey, over 20 percent of states reported receiving more than 80 percent of program funding from non-federal resources.

This change from a reliance on Smith-Lever funds to a greater reliance on non-Smith-Lever funds can be seen in Figure 2 and 3. In Fiscal Year 1974, in general, states relied on Smith-Lever funds for a larger portion of their budget than they did in Fiscal Year 2003. However, the states that rely most heavily on Smith-Lever have not changed. In Fiscal Year 2003, nineteen 1862 Extension Systems relied on Smith-Lever funds for over 20 percent of their budgets. Institutions in the upper Great Plains, the extreme Northeast, the Tennessee Valley, and Mississippi Delta continue to rely more heavily on Smith-Lever funds than the majority of 1862 institutions. Institutions in these states also tend to receive over 40 percent of their annual budgets from state appropriations (Figure 2), suggesting a greater reliance on the more traditional Extension funding model than other states, or in some cases as in Alaska and Connecticut, a low rate of contribution to Extension from county and local governments.

Fig. 2 Smith-Lever as a Percentage of Fiscal Year 1974 1862 Extension Budgets

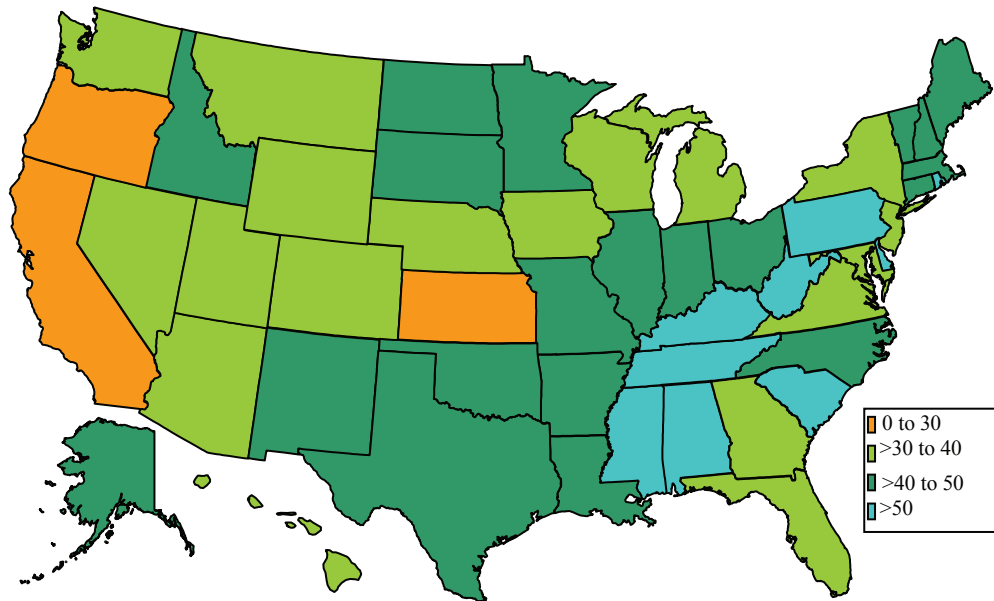
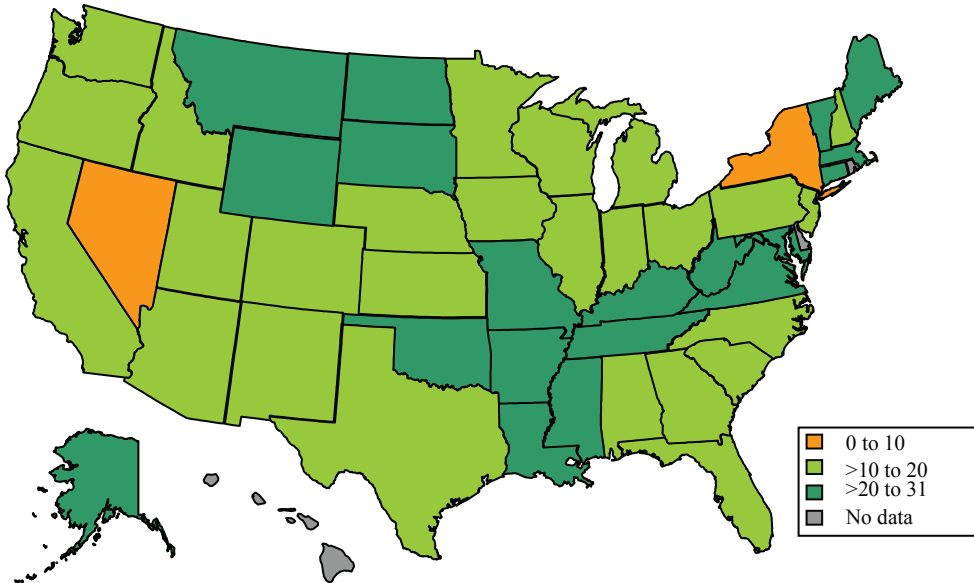


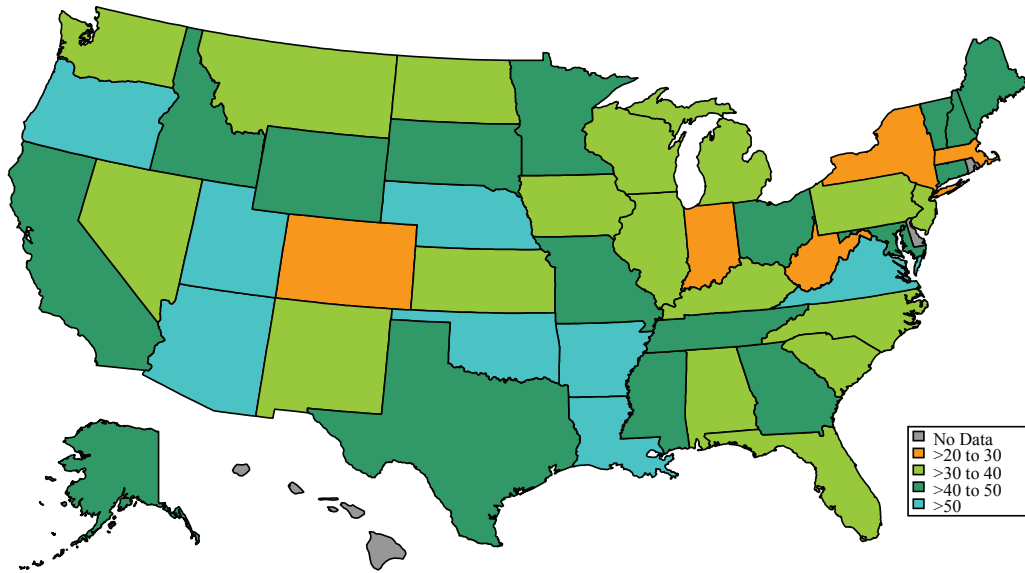
Fig 3. Smith-Lever as a Percentage of Fiscal Year 2003
1862 Extension Budgets



As a result of the flat funding levels in the Smith-Lever program, reductions have occurred in more than 85 percent of state Extension programs. These reductions have resulted in significant program reorganizations in more than half of the states and territories that responded to the survey. In many cases these reorganizations have led to staff cuts and, in some states, program elimination.

In 1890 institutions, federal funds remain a critical component of the Extension budget. For the majority of these institutions, the federal funds are 30 to 50 percent of their total Extension budget. The recent increases in federal appropriations to the 1890 research and education base fund programs and the requirement for a 50 percent match with non-federal funds included in the Agricultural Research, Extension and Education Reform Act of 1998 (AREERA), have been key to increasing resources to the 1890 land-grant Extension Systems. The majority of these institutions receive little or no local support for Extension, cannot access Smith-Lever 3(d) programs, and have limited capacity to acquire competitive funds. As a result, the federal base funds are critical for support, as well as for leveraging a substantial amount of state appropriations.

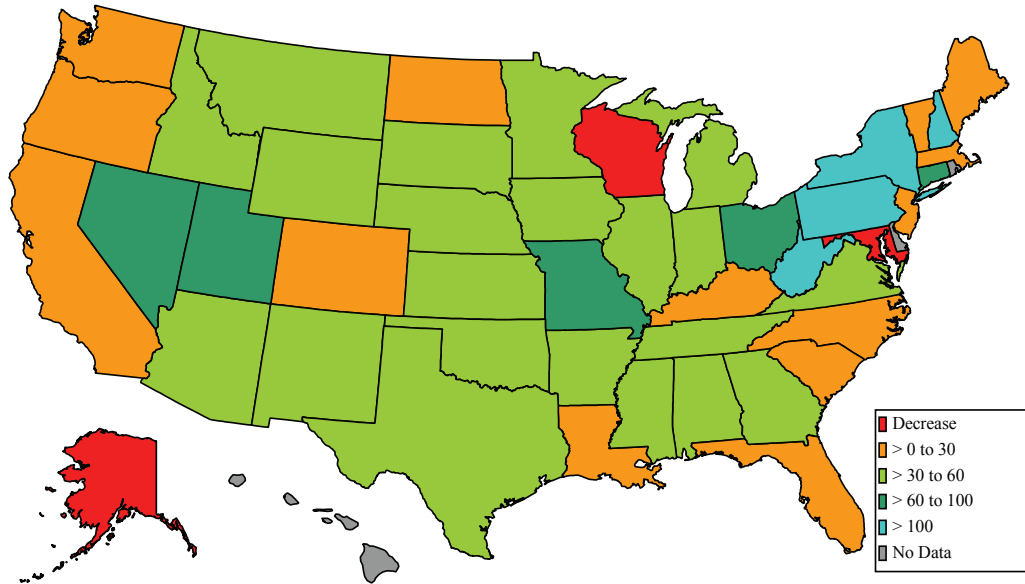
Fig 4. State Funds as a Percentage of Fiscal Year 2003 1862 Extension Budgets



A comparison between Figure 2 and Figure 4 shows that, in general, state appropriations make up a greater portion of 1862 Extension budgets than do Smith-Lever funds. This is, in part, due to the flat growth of Smith-Lever funds over the past decade (Figure 1), and partially the result of the locally-driven nature of Extension. At any rate, it is clear that in most states federal funds are being leveraged at least 2-to-1 by state appropriations.

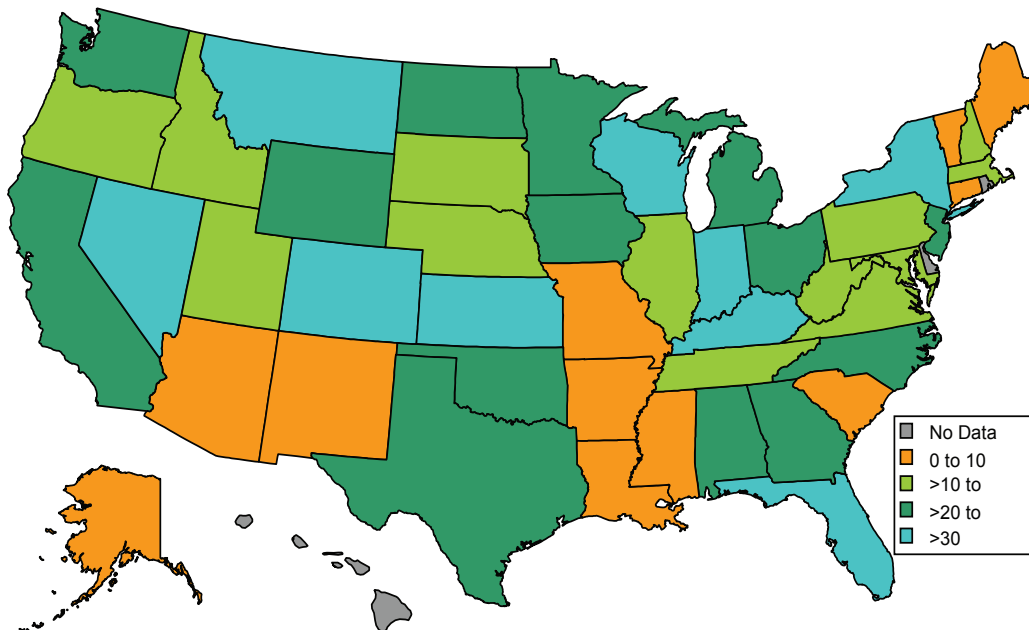
Thus, in the absence of growth in Smith-Lever funds, state and local governments are being asked to contribute even more to the Extension partnership. As expected, the magnitude of change in state funding is not consistent nationwide (Fig. 5). Some states have been more successful than others in compensating for the lack of growth in federal funds through growth in state funds. Although a few states realized a decrease in state appropriations from 1993 to 2003, a majority of states have increased state funds to Extension by 30 percent or more. A few states have more than doubled their state commitments to Extension. This rapid growth in state funds has softened the effects of the flat growth of Smith-Lever funds.

Fig 5. Percent Change in State Funds to 1862 Extension Fiscal Year 1993-Fiscal Year 2003



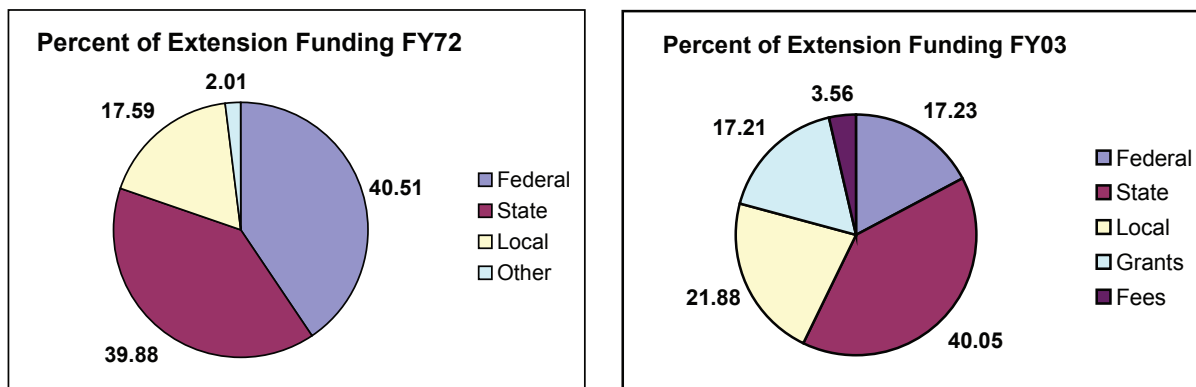
In several parts of the country where state budgets have grown tight over the past five years, more institutions have looked to local governments for more Extension funding. Some institutions, especially those in the northeast and Mississippi Delta, have a very small county funding base and, in the case of the 1890 institutions, little or none at all. This lack of local funding for Extension helps to explain the greater relative importance of Smith-Lever funds to these regions of the country (Figure 6).

Figure 6. Local Funds as a Percentage of Fiscal Year 2003 1862 Extension Budgets



This trend toward reduced support from Smith-Lever funds as a percentage of the overall support for Extension has been well documented over the years. (Figure 7) In 1972, federal, state, and local contributions to Extension were 41 percent, 40 percent, and 18 percent respectively. In Fiscal Year 2003, 1862 institutions reported a federal contribution of 17 percent, state funding of 40 percent, local contributions equal to 22 percent, grants and gifts of 17 percent, and user fee income of 3.6 percent. The growing reliance on state and local funding creates additional instability when, as in the past few years, state budgets are restricted.

Figure 7. Source of Cooperative Extension Funding Fiscal Year 1972 and Fiscal Year 2003. Fiscal Year 1972 represents all extension funding. Fiscal Year 2003 represents allocations to 1862 institutions only. (%)



Implications of Changing Public Funding Patterns

Many state CES organizations receive infrastructure and other forms of support from their host land-grant institution that are not reflected in the Extension budgets that are shown in summary form in this report. The original source of these funds may likely be state appropriations. Thus, this report likely significantly underestimates general university and/or states’ support of state Cooperative Extension Systems. Further, though the work to construct and communicate a nationally accepted set of “Bench marks of Excellence of State Extension Systems” is still in process at the time of publishing this report, it is clear that the extent to which the host LGU considers Extension to be fully part of its programs and missions – and backs that up with tangible institutional budgetary and indirect support – is likely one measure of excellence of state Extension programs.

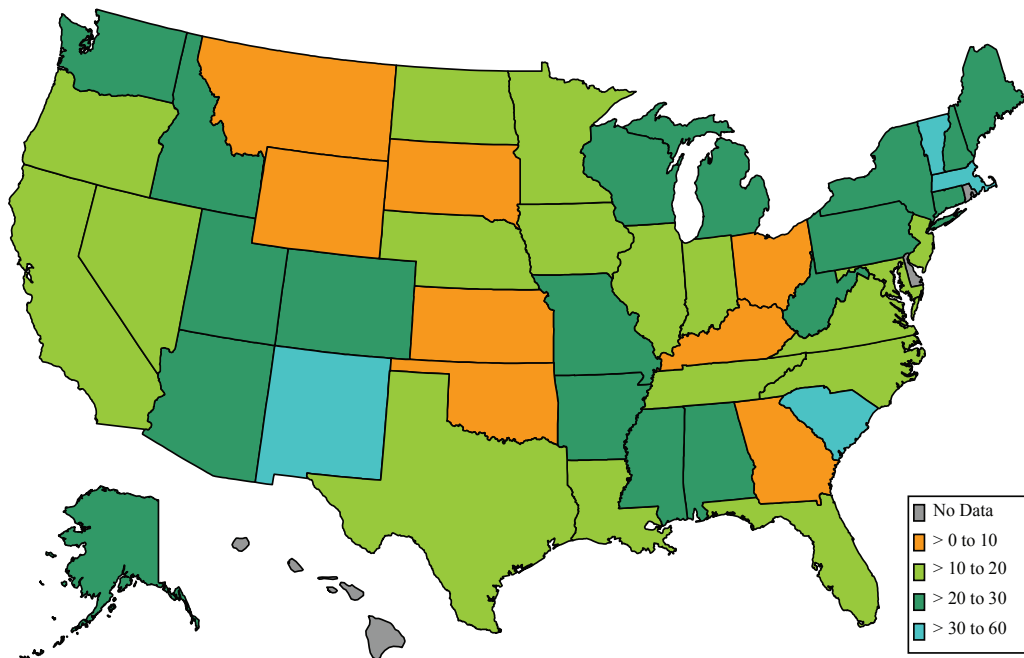
The preceding discussion illustrates the diversity of public funding Extension directors and administrators rely on to develop and operate Extension programs. It also shows the strain these public funding models face and the changes that come from lack of growth in public financial support. These changes in funding levels create management difficulties for Extension directors and administrators as they balance the priorities of the federal, state, and local funding agencies. When state and local funding sources grow in importance, directors and administrators must pay more attention to the priorities of these government entities. As a result the CES becomes more focused on local issues and less of a balanced, nationwide system.

The imposition of requirements for regional and multi-state programming that came in the 1998 AREERA attempted to address this issue and refocus Extension activities on national priorities. AREERA, however, did not provide additional direct funding to the CES to meet these goals. Without additional federal dollars, the allocation of additional resources to national-level priorities will be increasingly

difficult for Extension directors and administrators to manage.

Another result of these federal and state funding trends has been that many Extension directors and administrators have aggressively explored other sources of external funding (Figure 8). Most 1862 institutions now rely on external grants and contracts for a growing portion of Extension budgets. In Fiscal Year 2003, on a nationwide average, 1862 institutions received grant-based funding equal to Smith-Lever funds. Of course, there are differences between institutions. Institutions in South Carolina, New Mexico, and Vermont received over 30 percent of their Extension budgets from grants and gifts. States as diverse as Ohio, Wyoming, and Oklahoma received less than 10 percent of their budgets from grants and gifts. Nationally, non-governmental dollars still remain a minority portion of Extension funding and several institutions are developing significant external funding pools while others continue to rely mainly on the tripartite government funding model.

Fig. 8. Grants & Gifts as a Percentage of Fiscal Year 2003 1862 Extension Budgets



While competitive, grant-based funding has significant merits, a net effect of these inter-related trends is significant erosion of the basic national infrastructure of Extension educators, state specialists, and county agents. All effective Extension learning requires a basic human infrastructure and without sustained public resources, the local reach of Extension can be severely curtailed or impaired.

The 1890 and U.S. territory Extension programs have a particular problem associated with external grant funding. Many competitive grants often require a non-federal match, although, in general, USDA/CSREES competitive grant programs do not. In cases where matching funds are required, non-federal funds are in very short supply, particularly in the case of the U.S. territories, or are already committed as matching funds to base programs, as in the case of the 1890 institutions. Therefore, while these institutions may wish to expand their pool of grant opportunities some very practical limitations exist.

The public has also responded as the stress on public funding has forced personnel and program cuts or reorganizations. In many states, public groups have mobilized to raise private funds to support popular Extension programs, especially 4-H programs. This support often takes the form of a private,

non-profit groups raising funds or managing a popular program activity that has been cut, or creation of new Extension-related programs with privately-raised funds. In all these cases, these private citizens demonstrate a strong commitment to Extension programming and the organizational and financial assistance is most certainly welcome. However, the CES must take organizational steps to fully utilize this private assistance but also avoid any financial, legal, and program integrity conflicts of interest that may arise from this kind of assistance.

Expansion in Institutional Diversity

Establishing the network of Extension programs in all 50 states and in every U.S. county was a daunting vision and a remarkable achievement. Consider that original achievement and reflect on how it has expanded. All 50 states still operate an Extension program. In addition, the 18 historically black land-grant institutions have moved from being a funding line-item in the Smith-Lever budget to separate funding under their own growing Extension program. The territorial institutions and the District of Columbia were added to the family of Extension institutions. And, most recently, the 1994 tribal colleges have begun to establish Extension programs through competitive programs. The system is much larger and more diverse than it was in 1970.

Expansion in Program Diversity

The customer base of Extension has also increased in size and diversity. Extension maintains a strong commitment to the on-going programs in agriculture, natural resources, family sciences, and 4-H youth development that have been part of the program since its inception. However, in the past 35 years, Extension has broadened its dimensions. Comparing the relatively simple federal Extension budget in Fiscal Year 1970 to the more complex budget of Fiscal Year 2004 clearly demonstrates the breadth and diversity of the CES (Table 1). After establishment of section 3(d) of the Smith-Lever Act in 1953, the array of specialized programs conducted by the CES continued to grow. The addition of the Expanded Food and Nutrition Education Program (EFNEP) and the Children, Youth, and Families at Risk (CYFAR) program in 1991 resulted in substantial resources dedicated to family and consumer sciences and an increase in urban constituents.

State institution budgets have similarly grown more complex over the past 30 years. Extension specialists have taken a growing role in professional training. The deep research base of Extension curricula results in state specialists and county-based educators being asked to provide training to a host of professions. Extension faculty have trained crop consultants, forest fire fighters, dietitians, animal nutritionists, child care and other youth-serving workers, and many others who seek the reliable, high quality information provided by Extension. In many cases these training programs have brought in additional revenues. These programs also represent a potential revenue growth area for Extension as training needs are significantly underserved.

Table 1. Federal Budgets for Cooperative Extension in Fiscal Year 1970 and Fiscal Year 2004. (\$1,000)			
FY1970		FY2004	
Formula Programs		Formula Programs	
Smith-Lever 3(b)&(c)	83,621	Smith-Lever 3(b)&(c)	277,742
Retirement	10,861	1890 Institutions	31,720
Subtotal Formulas	93,861		308,057
Nutrition Education – EFNEP	28,560	Smith-Lever 3(d)	
		EFNEP	52,057
		Pest Management	9,563
		Farm Safety	4,911
		Children, Youth & Families at Risk	7,538
		Youth Farm Safety	444
		Sustainable Agriculture	4,333
		Extension Indian Reservations Program	1,774
		Other Extension Programs	
		Extension at 1994 Institutions	2,929
		Renewable Resources Extension Act	4,040
		Rural Health and Safety	2,331
		1890 Facilities	14,912
		Grants for Youth Serving Institutions	2,667
Federal Administration	4,088	Federal Administration	
		Other	21,542
		Ag In the Classroom	622
DC Extension	375		
Agricultural Marketing Act	1,450		
Penalty Mail	3,400		
Total	131,734	Total	439,125

Growth of Competitive Programming

While the Smith-Lever program is most often cited in discussions about changes in federal contributions to Extension, other changes in how the federal government funds Extension are equally important. The Smith-Lever funds unquestionably still distribute the largest uncommitted portion of Extension funding and leverages substantial state funding resources. However, other sources of federal support for Extension are continuing to grow (Figure 9). Beginning with the creation of CSREES in 1994, the federal government moved toward a closer integration of research and Extension. The federal government, through several administrations, has also advocated the expansion of competitive award mechanisms for agricultural research and Extension activities.

The 1998 AREERA furthered both goals through the creation of the Integrated Competitive Programs and the Initiative for Future Agriculture and Food Systems (IFAFS). Both of these funding mechanisms provided substantial new resources for critical issues in the food and agricultural sciences and opened large CSREES competitive programs to Extension programming for the first time. However, success

Inflation Calculations

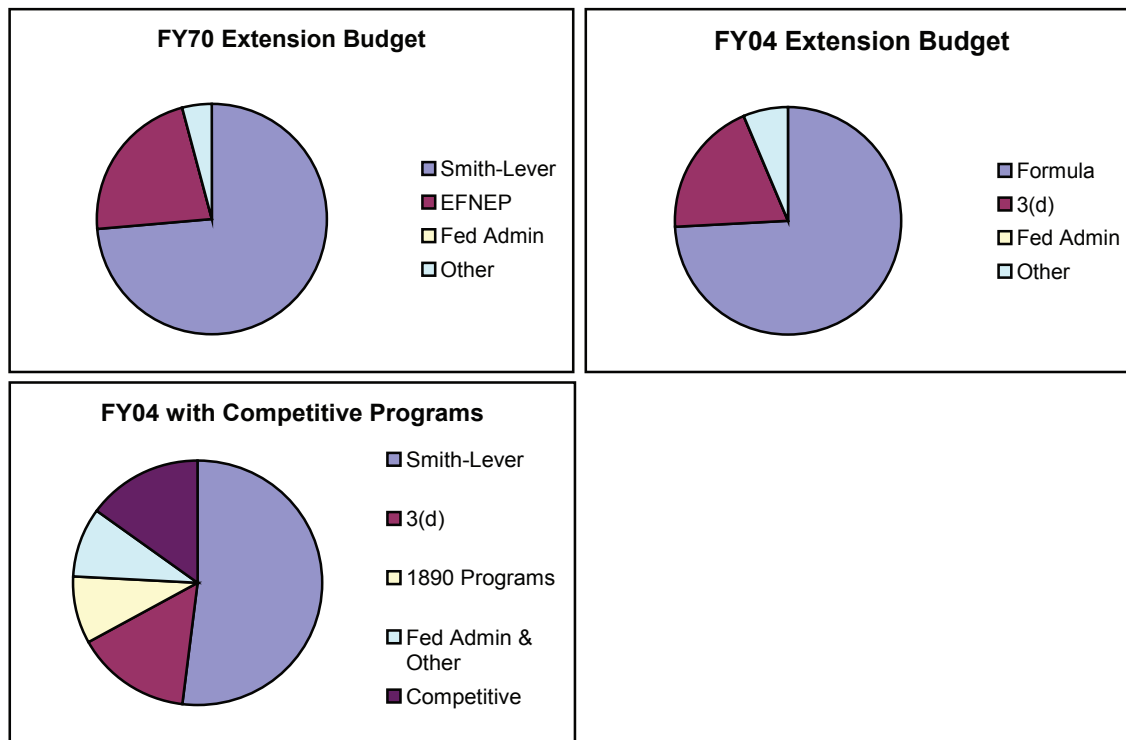
The buying power of \$100 if FY 1970 is equal to \$513.40 in FY 2004. Consequently, the net real loss in federal support for Extension programs was over \$200 million since FY 1970.

Source: Inflation Calculations from the Bureau of Labor Statistics. <http://data.bls.gov/cgi-bin/cpicalc.pl>

in these competitively awarded programs means that a program must contain elements of both research and Extension. This philosophy is also apparent in the new “integrated” program section of the National Research Initiative that opens that program for the first time to projects with elements of Extension. In effect, base formula fund programs have not grown significantly over the past 10 years, but competitive funding opportunities open to Extension have grown substantially. In Fiscal Year 2004, Extension faculty was eligible to compete for over \$80 million made available through integrated competitive grant programs.

It is clear from these data and from the aforementioned ECOP survey that the federal formula programs still remain a critical and substantial portion of CES support. As one can see from figure 10, in Fiscal Year 2004 the Smith-Lever and 1890 formula programs still represented over 50 percent of the total federal commitment to the CES. However, when compared to the 71 percent of total funding represented by Smith-Lever in 1970, it is clear that the Extension funding pool overall has become more diverse and Extension directors, administrators, and CSREES must develop management solutions to help Extension faculty adapt to this change in funding mechanisms.

Fig.9 Relative Importance of Cooperative Extension Budget Components, Fiscal Year 1970 to Fiscal Year 2004. (%)



Changes in Faculty and Staff Structure

Since the early 1970s, the makeup of Extension faculty and staff has changed dramatically. Some county-based educators and state Extension specialists are host LGU university faculty, some are not. In other cases, state specialists are faculty, yet county-based “agents” are not, and many such educators are no longer hired exclusively to do Extension work. Today many Extension educators who are university faculty members located on the institution’s primary campus are often hired with split appointments and are expected to conduct research, operate Extension programs, and teach courses. Requirements for

earned educational credentials and levels of professional performance have been raised dramatically over the past three decades and now more closely match university faculty in other disciplines. County-based Extension faculty members must have expertise in more diversified fields as more positions are unfilled or eliminated. As noted earlier, in many cases, Extension is doing the same, if not more, with fewer faculty and staff members.

Conflict of Commitment, Conflict of Interest, Consulting, and Competition

The Issues: Often county-based and campus-based agent and specialist positions are funded through a minority percentage of federal funds, as compared to the majority percentage deriving from state, local, and/or university general funds. When such positions are full-fledged faculty at the host institution, “one day per week; not in competition with university programs; with prior approval of supervisor; and full disclosure in advance” is often the operative state– and institution–approved personnel policy for allowing faculty to receive extra compensation beyond the “full time assignment.” This is being interpreted differently in the various state CES organizations pertaining to “Extension faculty.” This is becoming a more important issue as many LGUs find it difficult to retain and attract top Extension educators due to an inability to offer competitive salaries. Thus, many CES directors and administrators wish to find ways to give salary incentives to talented Extension educators. Using the institutions’ well-established common practice among their university faculty peers is one way to do this. Federal statutes or policies may need to be altered to provide this flexibility.

Definitions: These four terms are used somewhat interchangeably, but each has a unique meaning and connotation. **Conflict of commitment** involves official and personal responsibilities that may compete with each other for the time, attention, focus, initiative, and innovation of faculty or staff.

At the federal level, **conflict of interest** is defined as, “*A situation in which a Federal employee’s private interest conflicts with the full, fair, and impartial performance of Government duties and responsibilities.*” Conflict of interest typically involves opportunities for faculty or staff to make official decisions or take official actions that promote or enhance their personal, external interests and activities. Even the appearance that institutional decisions and resources are being used to enhance individual faculty’s external interests can be detrimental to the institution’s image and accumulated goodwill.

Consulting involves mixed responsibilities such that faculty or staff may offer, for hire, the professional skills and expertise for which they are employed by a college or university. Policies that permit external consulting can help colleges and universities enhance external goodwill and retain faculty and staff, while also helping faculty and staff improve their professional expertise. However, consulting can also create opportunities for conflict of interest as well as internal or external competition.

Competition can occur when two different entities offer the same or similar goods or services to the same or similar clients. Internal competition can occur when faculty who are permitted to provide consulting services offer services which are substantially similar to the services or expertise offered by the university’s Extension system. External competition can occur when a university Extension system, or faculty working as consultants, offer goods or services that are substantially similar to those offered in the private sector. Such competition can alienate individuals who would otherwise be clients and supporters of Extension due to their mutual professional interest in research and education.

For Extension professionals employed by state institutions, policies governing consulting, conflicts of interest, and conflict of commitment are currently established separately by individual institutions. However, the specific federal guidance on collection of user fees which was rendered by the USDA

Office of General Council on August 29, 1969, and August 16, 1974 and is contained in Chapter III of the Extension Administrative Handbook, is germane to the issue of competition.

Performance Accountability

As requirements for formal university education and field-specific certification have increased dramatically among the national CES workforce, annual goal setting and job performance standards have increased in both rigor and frequency. Most modern land-grant institutions now use highly evolved annual systems to evaluate faculty for merit-based salary adjustments, promotion in rank, and the award of tenure. Similar processes are also applied to non-tenure track faculty. As expectations for the quality of performance of Extension workers has risen, so have the number and sophistication of personnel development and training programs. Such programs occur within institutions and within the CES professional associations at both the national and state levels. Furthermore, regular review and evaluation of traditional non-credit programs occur. Suggesting no negative reflection on previous generations of Extension educators, these significant changes in accountability indicate that a dollar invested in faculty and staff through base (formula) funds yields significant return on investment and is a well-protected investment.

Changes in Extension Delivery

The past 35 years have seen a remarkable change in the way Extension programs are delivered. While the on-site visit and the field day are still core elements of Extension agriculture and natural resources programs, new techniques are rapidly overtaking the more traditional methods. Extension now makes ready use of online publications, toll-free numbers, and other diverse electronic media. Most state CES organizations maintain an extensive Web site covering all aspects of the state program. Extension directors and administrators recently established the eXtension initiative – a single, nationwide, interactive portal for Extension problem-solving resources. 4-H participants are developing their own virtual communities. Nutrition education makes greater use of paraprofessionals and community members in delivering program training, as well as university and public and private health system professionals.

Another significant challenge to conventional Extension program delivery is the rapid development of a private market for traditional Extension information. This impact can be illustrated by the growth of the private crop consultant market. Currently there are 12,705 crop advisors certified through the American Society of Agronomy representing about half of crop consultants working in the United States. Of those, only 271 identify themselves as Extension employees. Seed and chemical companies also hire their own crop advisors to provide agronomic and technical advice to farmers and ranchers as part of a package of services available with their purchases. In many cases, these professionals were trained at land-grant universities in Extension techniques and make use of Extension publications and information to serve their clients. Similar trends exist among private foresters, timber and mill safety specialists, animal health consultants, and other fields.

What the growth of these Extension-related industries makes clear is that the public is willing to pay for the expertise and research generated at the land-grant universities and delivered by the CES. This willingness to pay extends over and above what they pay through public support as more and more producers hire professional technical consultants. The CES must find ways to capture the value of those products and utilize that income to support Extension programming that is tied more closely and reliably to the nation's public research enterprise.

ISSUES AND RECCOMENDATIONS TO ENABLE SUCCESS

Memoranda of Understanding and Multi-Agency Opportunities

Both 1862 and 1890 land-grant institutions currently have Memoranda of Understanding (MOU) with the Secretary of Agriculture for the operation of Extension programs directly related to the priorities of the Smith-Lever Act and the National Agricultural Research, Extension, and Teaching Policy Act section 1444. In addition, CSREES has MOUs with other federal agencies and non-profit organizations to establish working relationships in collaborating and administering Extension and outreach activities. These memoranda stipulate the relationship between the state CES organization, 1862 and 1890 land-grant institutions, and the USDA for the receipt of federal assistance under the Smith-Lever Act. In addition to those priorities, opportunities exist for the CES and land-grant institutions to provide other services to agencies across the federal government. These may be in the form of conservation assistance or health and nutrition education, financial planning curriculum development, or many other forms of research-based, applied learning. The strength of the Cooperative Extension System is the network of specialists and agents that has historically reached into every county in the country. Many federal agencies seek similar delivery mechanisms for the programs they operate. However, the Cooperative Extension System must overcome several challenges before being able to implement large-scale MOUs with federal agencies.

- **Lack of experience with Extension:** Many of the constituent organizations involved in hot-button issues, such as health care and nutrition, do not know about the CES network, and therefore, do not advocate for inclusion of Extension in new program initiatives. Extension directors must develop closer ties with non-traditional constituencies to ensure that Extension is included as an eligible entity for new program initiatives.
- **Heterogeneous Implementation:** State and county-based Extension is one of the organization's strengths, but it can also be a weakness from the perspective of federal program implementation. When a federal agency implements a new program, it must ensure that the program reaches all targeted citizens wherever they reside. This task can be accomplished with a high degree of certainty through an agency reporting directly to an administrator or cabinet secretary. It is much more difficult for a system like Extension to guarantee nationwide program coverage under current methods of operation. For instance, if a new conservation assistance program is to be delivered and Extension is chosen as the delivery method, the program must be available in every relevant state or county. If certain important states were to decide not to participate it could result in incomplete program delivery – a risk a federal manager is unlikely to take. The CES must re-establish a more national character and approach before it is likely to be the implementation method of choice for a broader menu of federal programs.
- **Decision Speed:** The Cooperative Extension System as a whole must develop a procedure to more rapidly respond to both legislative and regulatory initiatives nationally. By the time the CES develops a legislative or implementation strategy, other more nimble organizations with more centralized decision-making authority can and have capitalized on the new initiatives. The CES is left trying to catch up. For instance, when it became clear that the conservation programs in the 2002 Farm Investment and Rural Security Act of 2002 would contain provisions requiring the training of third-party technical service providers, the CES could have rallied behind a policy designating the system as a preferred provider of this training. Instead this policy was pursued on a state-by-state basis leading to a reduced national presence for Extension in conservation

programs relative to other organizations such as Certified Crop Advisors or the National Association of Conservation Districts. Similar examples can be found in policy areas related to obesity prevention and biosecurity.

Relationships with Other Public Agencies and Organizations Recommendations

The formation of relationships with other federal and state public agencies and organizations can present extraordinary opportunities for CES to demonstrate the power of the system's nationwide network and research-based educational framework. The relationships can also present the opportunity for substantial new funding. However, public agencies often see Extension, if they understand the system at all, as a public good or utility that can be accessed at minimal cost. The most direct method of forming this kind of relationship is through a Memorandum of Understanding delineating the terms of the relationship: timeframe, outcomes, financial obligations, etc.

(1) The task force recommends that Memoranda of Understanding with federal and state agencies be developed as effective means to fund Extension activities and broaden the constituency for Extension according to the following guidelines:

- **Ensure MOU is in alignment with Extension mission and vision.**
- **States should not, in most cases, enter into an agreement with another agency or organization to conduct a program for less than the cost of the program.** In most cases the task force would recommend that a state CES organization forgo a relationship that is underfunded. Accepting such an offer would simply reinforce the idea that Extension is a public utility and would result in an erosion of other programs to meet the terms of the new agreement.
- **All MOUs should emphasize the value of the Cooperative Extension System.** These values should include, but are not limited to, the extent of the program delivery network, the research basis of the program being delivered, and the federal, state, local, and other funds being leveraged to accomplish the activity.
- **MOUs should clarify what portion of the CES is involved in the agreement.** For instance, a state level MOU should be clear that only the particular state or a specific multi-state group of state CES organizations is involved, unless the agreement in fact does represent the Cooperative Extension System nationwide.
- **National-level MOUs should be presented to the ECOP Executive Subcommittee before proceeding to avoid the possibility of conflicting agendas.**
- **National-level MOUs should include the Secretary of Agriculture or his/her designee whenever possible.** Inclusion of the Secretary of Agriculture in national MOUs recognizes the historical home of the CES and allows for broader Executive Branch and political ownership of the resulting activity.

Privatization and Non-Profit Organizations

The privatization of Extension programs, particularly extremely popular programs, has garnered great

interest in recent years. There are many reasons, mainly centered around a desire to transfer program responsibility from the university to the private sector and shift declining public budget dollars to other programs or to save a popular program from budget cut elimination. The efforts to privatize Extension activities have taken two major forms: (1) privatization of entire Extension functions and (2) privatization of specific activities within an Extension program area, commonly through the formation of a non-profit, 501(c)(3) entity.

Privatization of Entire Extension Functions or Offices: Several states have investigated the possibility of privatizing entire Extension programs or offices. The requests have ranged from privatization of county Extension offices to the privatization of entire state program areas such as 4-H youth development. This request generally involves a legislative body or university deciding to cease public funding and transfer of operations of an Extension activity to a non-profit governing board for oversight and funding. There is no general bar to the privatization of Extension programs in current law or regulations, and at this point, CSREES would treat privatization issues on a case- by-case basis. However, privatization of program operation does not necessarily eliminate the responsibility of the land-grant university to ensure federal and state policies and laws are upheld in the execution of the now privatized programs if the program would still be operated as an Extension program.

The Special Case of 4-H: The 4-H Youth Development program is genuinely unique in that USDA has the responsibility to ensure the proper use of the 4-H name and emblem. The current regulation for authorization for use of the 4-H name and emblem allows the Secretary of Agriculture to authorize use of the name and emblem:

For educational or informational uses which the Cooperative Extension Service deems to be in the best interests of the 4-H program and which can be properly controlled by the Cooperative Extension Service, and; for services to youth which the Cooperative Extension Service determines it is not in a position itself to perform. 7 CFR 8.6.

This portion of the regulation allows the Secretary of Agriculture to deny the use of the 4-H name and emblem in a circumstance where a state Extension organization seeks to turn over operation of the 4-H program to a private entity. It has been determined that association with the state Extension organization is intrinsic to the very nature of the 4-H program. Therefore, the program proposed by the private organization cannot be considered 4-H.

Privatization of Specific Extension Activities: Another type of privatization effort involves the private operation of certain program activities that is usually supported by a committed group of constituents, but not necessarily the CES as a whole. Extension, nationally or within a particular state, may decide to terminate a particular activity within a program area due to funding limitations or changing priorities. In many cases, private supporters of this activity decide to form a non-profit organization to continue the activity. In most circumstances, the boards of these non-profit organizations include university Extension faculty. The organizations rely heavily on the talents and resources of the Extension specialists who participate in the activity. In this sense, they are not truly “privatized.” In some cases, the non-profit boards of directors are not fully prepared or cognizant of all the financial, legal, and ethical issues involved in the operation of such an organization. This arrangement leads to a potential conflict-of-interest between university employees and the non-profit organization, may undermine the decision-making authority of the Extension leadership, and present challenging legal issues for the university.

Regardless of the reasons for a privatization initiative, several issues must be considered before proceeding with such a proposal.

- **Quality Control:** Once a program is privatized, Extension may have essentially relinquished quality and content control over the program. Extension faculty will have a different relationship with the new entity than what existed previously. The new private organization may want to take the program in a different direction from similar programs in other states. Before a state decides to move toward privatization of an activity, consideration must be given to the terms of the privatization agreement and the mechanisms to ensure that the program retains the level of quality that garnered public support initially. In marketing terms this could be termed “protecting the brand.”
- **Sanctioning:** In the case of a privatized activity, once the activity has been discontinued by the state CES organization and a private organization chooses to continue it, Extension must decide if it will sanction that activity and what the mechanism and terms of that sanction will be. Even if the activity is no longer receiving direct financial support from Extension, the activity may drain volunteers, staff, and other resources away from higher priority programs. At the same time, continuation of the program/activity undermines the decision-making ability of Extension more generally. Extension will need to determine a procedure for granting or denying sanction to an activity at the appropriate level.
- **Ethical Considerations:** The relationship of university staff and materials to the new private organization is key as it goes to the heart of the privatization initiative. If staff members serve as consultants to the new private organization, care must be taken to avoid any ethical conflicts of interest in either financial or business dealings. Extension directors and administrators should consult university legal and ethics policies before authorizing Extension faculty to serve on a non-profit board in a fiduciary role.
- **Legal Considerations:** One of the benefits of operating a program under the auspices of a university-based or state CES organization is the application of university legal and liability status to the program. Extension should ensure that the private organization retains appropriate legal and liability coverage as dictated by the type of program being privatized – especially in instances where youth are involved in the activity or where university staff are acting in their official capacities as program advisors or board members of the private organization.

Privatization Recommendations

Issues surrounding privatization of CES programming and activities are sensitive topics. At the core of the issue is a positive opportunity for the system – private entities or individuals with access to non-public resources which want to support the operation of Extension programs. As such, the CES should not reject these offers of assistance out of hand, nor should they allow them to proceed without guidance. Rather, the CES should establish rules of conduct and standards that allow the system to receive external assistance and still maintain program quality and integrity. The task force makes the following recommendations:

Program Areas

(2) The task force recommends that Extension programs should not be privatized.

The privatization of entire Extension program areas as defined in the guiding principles, i.e. 4-H Youth

Development, Agriculture and Natural Resources, etc. is inconsistent with the philosophy and history of the Cooperative Extension System. These programs are successful specifically because of the link with the land-grant university research base and because of the unique federal, state, and local partnership that undergirds them. As such, a program that is privatized and severs its institutional and programmatic link with the larger land-grant system can no longer be considered an Extension program. For instance, an individual state Extension program may decide to privatize its youth development program or a Master Gardener Program. However; once severance occurs, it is the recommendation of this task force that the program no longer be described as 4-H or Master Gardener, for example.

Privatization of Specific Extension Activities

(3) The task force recommends that specific Extension activities may be privatized under certain conditions. In certain circumstances, a private group may decide to privatize a particular Extension activity. In this case, both the state CES organization and the private organization have specific responsibilities.

- The private organization and the state CES organization should spell out roles and responsibilities in a formal MOU or other document. This document should also include a sunset provision for review of the relationship and a description of the consequences (disposition of financial, intellectual property resources) involved should the agreement be dissolved.
- The state CES organization should ensure that a direct programmatic link exists between the private organization and the state program leader/administrator for the particular activity. The private organization should understand that they have a limited role in the program design.
- The state CES organization should provide training to the private entity board of directors to ensure that the board understands the roles and responsibilities of each partner to the operation of the program.
- The private organization should agree to abide by all federal and state civil rights and nondiscrimination policies to ensure open access to the program.
- The private organization should ensure that it is in compliance with all federal and state laws that govern the establishment of the organization.
- The private organization should agree to seek all necessary approvals (e.g. 4-H name and emblem) required for the operation of the program.
- The state CES organization should clearly maintain the ability to terminate the MOU, should agreed upon responsibilities and conditions not be met.

(4) The task force recommends that state CES organizations take an active role in the coordination of all private fund raising and program operations related to Extension within a state. Private fund-raising activity and non-profit activities are critical components of the modern Cooperative Extension System. To derive maximum benefit from these activities, the state CES organization must ensure that all efforts within a state are coordinated and working to the benefits of the entire system. How this is accomplished will vary from state to state. In some states, this may merely mean that all 4-H-related non-profit activity is chartered by the state CES organization. In others, it may mean closely working with the university foundation staff to ensure coordinated fund-raising activities. In others, it may mean the establishment of a centralized non-profit to manage all private Extension activities within a state. Overall, university policies will provide guidance for the type of entity that can be established. The key point is that the Extension director or administrator must know what activities are being carried out within a state on behalf of and in the name of the state CES organization.

(5) The task force recommends that state Cooperative Extension Systems (i.e. host LGUs) which

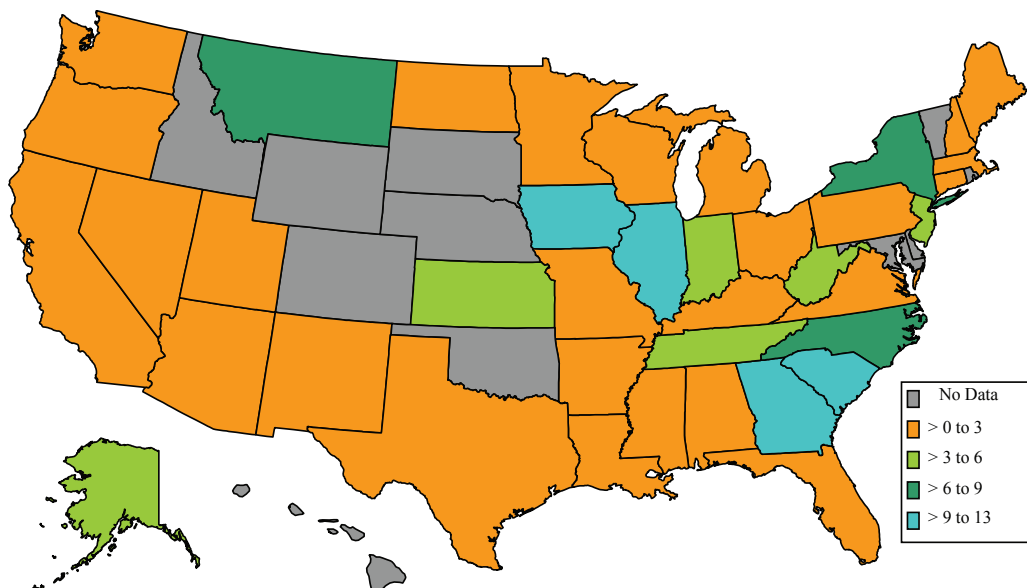
do not already have a professional fund-raising/development unit add such a function and that skill-building in this important area of funding be undertaken nationally. Experience with and the level of professional knowledge about a systematic, comprehensive program to garner gifts in support of Extension programs varies widely across the national Extension system. In many states (and nationally), there exist such programs that support 4-H youth development, yet often not in other program areas. It is recommended that “how to” workshops be conducted to build knowledge, skills, and proven strategies that lead to establishing a professional fund-raising function within individual institutions’ Extension units/organizations. Focus should be on individual, corporate, foundation gifts; annual, multi-year, endowments and special project campaigns; prospect development, cultivation, stewardship, and management; integrating and/or cooperating with on-campus, in-state, and national fund-raising efforts with aligned interests (e.g. National 4-H Council, eXtension, individual institution-wide foundation/development units, etc.).

Fees

Interest in developing new cost recovery methods has increased significantly among Extension directors and administrators. Formal inquiries to CSREES have included requests to develop user fees for a broad range of Extension education programs. USDA has long held that state CES organizations may charge for Extension publications and collect fees to offset incidental costs of the programs. However, the imposition of user fees to support educational programs has been held by USDA’s Office of General Counsel (OGC) to be inconsistent with the intent of Smith-Lever funding for Extension. Regardless, many states have successfully developed user fee systems that fit within the current USDA guidelines.

As seen in Figure 10, several states currently receive over 10 percent of their Extension budget from user fees. Iowa State University Extension, for example, currently receives more funding from fees than from Smith-Lever funds. Clearly, fees are becoming a more substantial portion of the Extension budget nationwide, and a national consensus is needed to ensure consistency. Extension may need detailed case studies on how fees were developed, clientele response, what worked, what didn’t work. Also needed is detailed discussion of rules and regulations on charging fees. See the Institution profiles in the Appendix for examples of how some states are handling this matter within current regulations.

Fig 10. User Fees as a Percentage of FY04 1862 Extension Budgets



The current USDA user fee policy is stated in Chapter III of the Administrative Handbook for Cooperative Extension Work as follows:

7 CFR 3015 Subpart F, allows recipients of assistance to charge user fees that then will be counted toward program income. However, the imposition of user fees for core Extension educational programs is inconsistent with the statutory purposes of the Smith-Lever Act. Therefore, user fees may not be charged for educational services especially if the proceeds are to be used to augment the operational cost of the Cooperative Extension Services in substitution of State appropriations for that purpose. However, it is permissible to charge fees for incidental costs if the proceeds are used in furtherance of Extension work. For example, recovery of costs related to printing, mailing, and handling of Extension publications is permitted, provided fees are returned to the Extension program. In addition, fees may be charged for services which are considered non-educational in nature such as soil and water testing, forage testing, and farm analysis.

Registration fees may be charged for Extension-sponsored workshops for incremental costs associated with the cost of conducting the workshop. It is imperative that the fee charged cover only the cost incurred and that the Extension clientele understand the nature and the purpose of the fees charged.

As the Cooperative Extension System seeks to find ways to recover costs for program activities through the imposition of user fees, several issues should be discussed prior to proceeding. Among them include:

- **Perception of Extension as a Public Good:** In 1968, the USDA Office of General Counsel issued an opinion arguing against greater use of user fees because of the public financing of Extension. This ruling still stands and guides CSREES policies toward user fee collection for Extension. In a sense, this policy assumes that Extension programming is a public good that citizens believe they have already paid for via the public treasury. This assumption may or may not be true, as the public has also shown a willingness to pay for Extension-derived information through private crop, forestry, and animal health consultants. A further concern is that greater attempts to support Extension programs through user fees may further erode political support for public funds.
- **Constituency Building:** This perception also assumes that once program participants believe they are supporting a program through user fees, they will expect those fees to directly benefit the program for which they are paying. They may not view the fees as a replacement, but rather a supplement to the public dollars. This may in effect limit the flexibility of the Extension director to manage resources unless program constituents understand the overall benefits to Extension from fee-based funding.
- **Financial Accountability:** Once fees are charged for a particular service or program, it is essential that financial accountability be maintained. Constituents will want assurance that the fees they pay are going to support the programs they value. Extension administrators will need to establish accountability controls to ensure funds are collected and used appropriately and that staff is trained accordingly.

Fee Recommendations

The task force recommends that the USDA policy on the collection of user fees be flexible enough to allow program support through the collection of user fees under specific conditions as outlined below.

The task force recognizes that the modern Cooperative Extension System offers an array of programming, from traditional public educational and informational activities to highly specific professional training programs. The task force views this diversity of programming as an opportunity to generate program support through the expansion of fee-for-service Extension programming and other revenue enhancement through fund raising and new funding partnerships.

This recommendation should not be taken as an abandonment of the traditional publicly funded educational role for Extension. Education programs provided by the CES to the public – particularly to those with limited financial means – can be considered a public good. These programs should not be subject to user fees beyond incidental costs and should be open to all regardless of their ability to pay. This task force acknowledges the historical role of the CES and its commitment to open access. In making this recommendation, however, the task force recognizes that the CES currently operates at levels of service that go far beyond the original design of Cooperative Extension and believes that Extension directors and administrators should consider charging fees and seeking other revenue to support these activities. Essentially the task force is recommending that fees be charged for Extension programming that results in the accrual of a private benefit (certification, accreditation, etc.) to the individual participating in the educational program.

(6) The task force believes that charging fees for CES programs is appropriate in several circumstances. The decision to establish user fees for a particular CES program depends on a number of factors.

- **What is the audience for the program?** Given the historical commitment of Extension to open access and public service, the task force believes that programs specifically designed for general audiences or limited resource audiences should not be subject to a user fee beyond the incidental costs of providing the program.
- **What is the level of service?** The task force believes that CES programs or activities that involve one-on-one assistance or education can be subject to a user fee. It may be desirable to provide one or two sessions of free individual service to establish credibility and trust. Activities that are open to the public and are of a basic educational nature would not be subject to a fee beyond incidental costs.
- **What is the purpose of the program?** CES programming designed to provide professional training (dietitian training, crop consultants, NRCS training, training and certification of economic development professionals) may be subject to a fee associated with the value of the professional certification received as a result of the training.

(7) The task force recommends that when fees are collected in excess of program costs (e.g. professional training) that the surplus is invested into the originating program area.

- The majority of fees should be reinvested into the program area that generated the fees.
- A portion of the fees may be reserved by the Extension director/administrator to be used for central administration functions or to invest in program areas that are not able to charge fees.
- A Memorandum of Understanding can be negotiated with the customer group paying the fees to delineate what fees will be charged and how they will be used in support of the program.
- For some programs, CES might consider a “money-back guarantee” on fee-based training or education services when clients are dissatisfied.
- CES-generated fee revenue should be used only to benefit CES or CES-related efforts and should not be exported to other non-related campus functions.

(8) The task force recommends that a fee structure be considered for certain publications and intellectual properties.

- Curricula developed by the CES can be made available for a fee to users outside of the CES. Many Extension curricula can be used by numerous audiences and represent a substantial human and financial investment.
- eXtension should consider developing a portion of its database to be available for fee-paying clients only. This section could include CES curricula collections and other proprietary information sources.
- Extension directors and administrators should consider the development of MOU or license arrangements governing the use of CES intellectual property. These MOUs should describe how the intellectual property can be used, what the basic fee for use will be and the amount, if any, of fees charged by the user that will be recovered by Extension.
- CES publications should contain a copyright statement to protect against unauthorized commercial use.

(9) The task force recommends that CSREES review policies to allow for the maximum flexibility within the law for fee generation.

- CSREES staff should work with directors, administrators and administrative officers in modifying policies and seek their input on issues that might include legality, correct accounting procedures, conflict of interest, federal regulations regarding payroll issues, etc.

The Special Case of the 4-H Youth Development Program

Because the 4-H name and emblem is specifically protected in federal statute and because its use is approved by the Secretary of Agriculture in consultation with the CES, issues related to the privatization of 4-H related activities are unique. To address some of the issues related to the establishment of regional or national private organizations which operate 4-H related activities, both the USDA and the CES need to have a voice in how private entities will be allowed to utilize the 4-H Name and Emblem. The task force makes the following recommendation regarding the authorization of private entities related to the 4-H system.

(10) The task force recommends that the ECOP Program Subcommittee invite the USDA-CSREES Director of Youth Development to establish and present criteria for the sanctioning of regional and national private organizations for use of the 4-H name and emblem.

Potential criteria may include:

- Certified compliance with non-profit laws and regulations
- Certification of liability insurance
- Certification of audit compliance
- Demonstrated need within the 4-H system

The ECOP Program Subcommittee in consultation with USDA/CSREES will approve and adopt the criteria for sanctioning 4-H-related private entities.

USDA, acting through the CSREES Director of Youth Development, will remain the final voice on use of the 4-H name and emblem by private organizations. Any and all denials of name and emblem use shall be made on the basis of the criteria approved by the ECOP Program Subcommittee and shall represent a denial by both ECOP and USDA.

The Director of Youth Development shall report to the ECOP Program Subcommittee regularly regarding all such denials of name and emblem use.

ECOP, USDA and the National 4-H Council should discuss the possibility of incorporating the activities of many of the private 4-H-related organizations under the umbrella of the Council.

Intellectual Property

Most university offices of technology transfer will admit that, with the exception of a few silver bullet applications (like fundamental process patents, cancer treatments, etc.), most intellectual property protection activities do not generate substantial resources for the university. The publications and materials produced by Extension faculty are the property of the university and the state CES organization in which they are produced. In the case of Extension publications, the appropriate property protection mechanism is copyright. Other protection mechanisms may be appropriate depending on the specific property being protected. The university is free to protect its copyrighted materials which are produced with federal assistance in ways it deems appropriate – through licenses or other agreements, in much the same way it is able to protect the intellectual property generated by its research laboratories.

As noted earlier, the 4-H name and emblem is federally protected by statute at 18 U.S.C. 707, and the

authorization requirements for use of the 4-H name and emblem are detailed in regulation at 7 C.F.R.

8. This is the only Extension intellectual property that is under the exclusive control of the Secretary of Agriculture. The Secretary determines which entities may use the name and emblem but currently does not have any authority to collect royalties or license fees for the use of the 4-H name and emblem.

A state CES organization may choose to protect its “State X Master Gardener Program” with a form of intellectual property protection to prevent organizations that do not meet its quality standards from using that name or affiliation. For instance, Texas A&M applied for and received a trademark for its Master Gardener program. Protection of this type may not generate additional revenue for the CES, but it would ensure that all programs under that name shared a similar set of quality standards.

Extension programs such as 4-H and Master Gardener are readily recognized programs that citizens value and respect. These “brands” also represent intellectual property that can be protected. A state CES organization may choose to license the “brand name” program to a particular private entity for a fee. These license agreements should be designed and operated through the particular university office of technology transfer.

Many of the issues related to intellectual property protection are similar to ones described above, with a few notable exceptions:

- **Expense:** Intellectual property is only protected through the defense of the property ownership, which can be costly. University offices of technology transfer can provide specific cost estimates for the protection of copyrights, trademarks, and license agreements.
- **Exclusive Licensing:** Intellectual property is more valuable when it can be offered to the public under an exclusive licensing arrangement. Some state laws may restrict such licensing and may require non-exclusive license arrangements for intellectual property generated with public funds. Regardless, there may be a perception of industry bias when a university offers an exclusive licensing arrangement to a particular private organization.
- **Royalty Sharing:** Faculty who produce intellectual property or who have developed program areas that could be licensed for royalties may feel entitled to a portion of that royalty income. Extension directors and administrators will need to determine an equitable benefit sharing arrangement with Extension faculty. Again, this is policy is generally set by the university office of technology transfer.

Issues Related to the Growth of Competitive Programs Recommendations

Because the resources available to Extension have increased most dramatically in the area of competitive programs, the CES needs to adopt new strategies to derive maximum advantage from this situation.

(11) The task force recommends that CSREES develop more grant-writing workshops specifically targeted to the Extension community to maximize the integration of research, Extension, and education functions.

- These workshops should include discussions of specific funding opportunities in other federal agencies with missions and public outreach commitments related to historical and relatively new

CES programs, audiences, and stakeholders.

(12) The task force recommends that state CES organizations continue to develop faculty evaluation and accountability mechanisms that include an evaluation of a faculty member's ability to generate external support for Extension.

- As noted earlier and included in the West Virginia University profile in the Appendix, such mechanisms and policies can also include a faculty/staff salary enhancement option.

APPENDIX

Cooperative Extension System Profiles

Several of the universities represented on this task force have prepared information to share with the larger Extension community about how they are individually adjusting to the change in Extension funding and program practices and the types of remedies they are pursuing. While each institution faces a unique set of circumstances, the approaches each of these institutions have turned to can be seen as representing several models for dealing with the rising demand for programs and opportunities to deal with financial stresses. These vignettes are provided to illustrate the issues discussed in this report and do not represent recommendations of the task force, although the experiences of the task force members were crucial in developing the recommendations included in this report.

There is likely no single model that will address the circumstances faced by every institution across the country. The examples below describe how the institutions represented by this task force have dealt with funding portfolio issues within their particular environments. Many positive examples beyond the few reported here exist throughout the national Extension system that will also help stimulate innovation in obtaining greater Extension program support and achieve a policy framework to guide decisions.

Iowa State University

Funding Situation: Iowa State University Extension (ISUE) has experienced a reduction in state funding of approximately \$7 million during 2000 through 2004. This \$7 million includes both direct cuts in the annual budget and unfunded mandates, such as mandatory pay raises without receipt of corresponding funding.

User Fees: In anticipation of the decreases in state funding, ISUE adopted an aggressive user fees policy. User fees and incentives for the program units to charge them have been in place for about five years. User fees collected in 2003 were slightly greater than \$14 million, up 14 percent from the prior year. Iowa State no longer labels these charges as user fees. Instead, the fees represent an integral part of ISUE's revenue generation strategy. The fees have changed over time, and ISUE has come to depend on them as a significant budget item.

Grants and Contracts: The emphasis on grants and contracts in funding ISUE began before user fee policies were established and has been very successful in generating program support revenue. In 2003, grant and contract funding at ISUE increased by 26 percent, to a total of nearly \$17 million. The Fiscal Year 2005 ISUE budget projected another increase in this budget category. To underline the point, as of 2003, grants, contracts, and user fees represented a larger portion of the ISUE budget than did funds from federal and state sources.

University of Nevada

Funding Situation: The population of Nevada increased 54 percent from 1991 to 2000. This rapid population growth and accompanying demand for programs has resulted in the need to adopt strategies that will efficiently extend the reach of programming to larger and more diverse audiences. At the same time, the number of faculty and staff positions supported from state and federal dollars has not increased. From 1993 to 2003, the percentages of funding sources in the overall budget changed in the following ways: state funding decreased from 41 percent to 35 percent, federal (3b, c, d) funding decreased from 22

percent to 8 percent, grants increased from 8 percent to 17 percent, and county funding increased from 29 percent to 39 percent.

Grants and External Funding: Grant funding has become an expectation of both county-based and campus-based faculty. These funds have been used to hire employees and for operating funds and equipment for targeted programs tied to high priority needs. Partnering with state, federal, and county agencies and organizations has helped to expand programming through resource attainment, collaboration, and even land acquisition. Development efforts are still in the early stages and began with the establishment of “Friends of Cooperative Extension.” One successful fund-raising event is held yearly in collaboration with the Fraternity of Chefs. The yearly gala dinner and auction supports in-school nutrition education and funds several Extension programming positions. Development efforts will be expanded in the future to further diversify the funding portfolio.

Fees and Charges: Cost recovery through user fees provides the opportunity to extend resources and maximize impacts. The policy for cost recovery is included on the employee support Web page and complies with the Smith-Lever Act. Program fees may be charged to cover incidental costs such as non-Extension speakers, meeting room or equipment rental, distributed materials, and food service. Fees are also charged to cover salary/personnel costs for seasonal or temporary staff hired to conduct Extension educational programs. A statement explaining the fee charged must be included in any program announcement. The statement explains charges and discusses the availability of scholarships or other options for persons who cannot pay. Cost recovery fees are often charged for incidental program costs, camp registration, and additional services. During this same period, a shift in publication practices moved most publications to the Internet. Some printed publications are now funded primarily through grants, sponsorships, and sales.

Unique Collaborations: Multi-state collaborations frequently take place with counties that share a state border. In more formalized efforts, Nevada has teamed with California for programming at Lake Tahoe. Dairy expertise is being purchased from Utah. College students have been employed under work study programs and internships. Although these programs do not change the funding in the portfolio, they have helped to successfully expand the reach of programming efforts.

West Virginia University

Funding Situation: Over the past three decades the West Virginia University Extension Service (WVUES) has seen significant change in its financial picture. Funding has increased cumulatively over that period from state (37 percent) and county appropriations (37 percent). WVUES has increased income from grants (25 percent) and from fees (13 percent). During the same period, federal funds to West Virginia decreased 15 percent – as a percentage of a growing overall, ‘all sources,’ annual operating budget. Yet, particularly since 1995, the number of programs offered and clients served has diversified and increased. Largely due to successes in attracting competitive and other external funding, the overall annual operating budget for WVUES increased from \$19 million in Fiscal Year 1997 to \$27 million in Fiscal Year 2005.

Grants and External Funding: WVUES has moved to aggressively increasing extramural funding as a way to support priority programs in the face of federal budget decreases, significant increases in the cost of delivering programs (fringe benefits, travel, risk insurance, etc.), and annual increases in the number of clients served. Having built a development office of 2.5 full-time employees a few years ago, WVUES exceeded its five-year West Virginia University-wide Building Greatness Campaign unit goal of \$2.5 million by 25 percent and competitive funding increased five-fold in as many recent years. A separate

A User Fee Model: From Iowa State University and the University of Nebraska.

Mission drives extension programming, not the potential generation of fees.

Fees should be legal and ethical and not compromise the integrity of Extension.

Fees should be based on the level of service provided by the educational program.

Fees should be consistent across a state and across programs and should be transparent and understandable to constituents.

Fees should be used to maintain and enhance Extension programming.

In order to maintain access to programs, provisions should be made to waive fees for individuals when conditions warrant. Provisions must be in place to reduce or waive fees when individuals or organizations are unable to pay.

Funds should be used to augment aspects of the CES program, such as the development of new educational programs. A revolving account should be used to handle the money received from registration fees and for payment of related expenses.

Generation of fees should only be one of many evaluation factors for Extension employees.

All Extension employees should be trained on the financial and legal issues related to the collection of user fees.

college-like academic unit at West Virginia University, Extension now accounts for 7 percent of the total sponsored program dollars by the institution annually.

Additionally, in 2005 the WVUES implemented a new “Ten Percent Extension Specialist Salary Equivalent Policy for Extramural Funds” and integrated faculty performance on this new requirement into annual evaluation and promotion and tenure processes. Minimally, every state specialist must generate “program support income” at the level of at least the equivalent of 10 percent of each faculty member’s salary. Further, a new Incentive Policy allowing up to 10 percent of the faculty member’s base salary to be earned as additional salary through successfully attracting external funds is being implemented.

Fees and Charges: WVUES has avoided levying fees for

programs such as 4-H youth development. Instead, successful fund raising is supporting 4-H’ers directly via camp scholarships, a 4-H Publications Endowment, and other endowment funds. WVUES does seek opportunities to generate fees for programs (e.g. new camping institute for all youth development professionals; a week-long, nationally accredited annual community development institute) developed internally that have value for the paying public and are consistent with University and Extension strategic plan goals and the federal plan of work. Such programs are statewide, multi-state, or national in scope, but from a delivery point of view, beyond the normal set of programs delivered in counties. All such multi-year program plans reflect changing state and local community educational needs. WVUES has also used fees to support new programs that are totally or partially fee based.

Unique Collaborations: A variety of unique collaborations are strengthening program quality, forming broader partnerships, and creating funding for new programs meeting clear state and community educational needs. Two examples are: (1) the 13-year-old 4-H Energy Express program provides two meals per day and intensive, media-rich mentoring on reading skills for 3,800 elementary age youth over six weeks in 87 of the most resource stressed communities of the state. Key funding and program partnerships with AmeriCorps, the state’s Department of Arts and Education, and local schools make the program possible. (2) A new Appalachian Grazing Conference conducted first in 2003 with sponsorship

from the Bob Evans Foundation is held biennially to meet the learning needs of the Mid-Atlantic Appalachian states for research-based, best practices to continue to improve utilization of this strategically important asset in this region: good forage. Originally developed by a grasslands committee of all major state and federal agencies in West Virginia, their counterpart agencies in contiguous neighboring states were invited to attend and to sponsor the 2005 conference.

North Carolina State University

Funding Situation: Overall, federal and state budgets have decreased over the past several years. Funds from grants and contracts, sales and service, foundations, and county contributions have increased. At the same time, the total budget has increased due to increased funding from external sources.

Grants and External Funding: With reduced federal and state appropriations, North Carolina has recognized the need to generate additional resources from alternative sources.

Fees and Charges: The issue of charging user fees has grown as the availability of public funds has become restrained. However, North Carolina still basically abides by a policy adopted in 1983 that states in part: "It is permissible to charge fees for incidental costs if the proceeds are used in furtherance of Extension work. In addition, fees may be charged for services that are considered non-educational in nature such as soil and water testing, forage testing, and farm record analysis. Registration fees may be charged for Extension-sponsored workshops for incidental costs of conducting the workshop." In recent years it has become more difficult to restrain faculty from charging fees for workshops, etc., especially in light of reduced budgets.

Unique Collaboration: To ensure consistency with external Extension-related groups, North Carolina State Extension has established a single non-profit entity to manage all private interactions and fund-raising activities for Extension programs. This arrangement has the advantage of providing statewide coordination of activities as well as centralized auditing of non-profit fund-raising activities. This organization includes all 4-H-related private efforts in the state. North Carolina State Extension ensures there is a direct link between the private activities and the state program leaders to ensure program integrity. North Carolina State Extension also provides training and education for boards of directors to ensure that all understand their commitments and responsibilities.

University of Nebraska

Funding Situation: In total dollars, the University of Nebraska has had a gradual increase in total funding support over the past several years including a small increase in federal funds. In the mid 1990s, the Nebraska Legislature moved Extension educator salaries into the state budget to provide property tax relief for county governments. The immediate impact was an increase in the percentage of the total funding that state government provided as compared to the counties and the federal government. There have been small increases in state and county funding since that time, but the percentage of funding from each governmental source has remained nearly constant.

Grants and External Funding: With little change in the total funding from county, state, and federal government sources, Nebraska has become more aggressive in obtaining grants, contracts, and fees. From 1997 to 2003, the amount of funding provided by non-tax dollars has increased from 18 percent to 26 percent of total funding.

Fees and Charges: Operating funds for Extension professionals are limited, but this should not limit educational program delivery. Like many public agencies, basic expenses are covered. To enhance programming, however, work groups may need to recover costs of educational materials, travel, and meeting rooms. User fee support is a growing part of the current overall budget and will be an essential part of successful programming in the future.

There is not an expectation that a user fee will be charged for every Extension program. Whether or not a fee will be charged depends on what costs need to be recovered and the audience being served. Federal regulations state that user fees should not be charged for “basic educational services” – those services that are for the public good (drought programming, volunteer leader training, parenting classes, etc.). However, these regulations further state that fees may be charged for enhancements to basic programs such as profitability workshops, e-business classes, or child care professional training.

1890 Institutions in General and Prairie View A&M University

Due to a system-wide effort to enhance funding for the 1890 institutions and an effort by 1890 presidents to increase the state matching requirements for formula funds, 1890 institutions in general have been slowly growing their federal-state funding portfolio. Due to the increase in federal formula funds through the 1890 Extension program and the increased non-federal matching requirements, states also have been required to contribute more to 1890 Extension programs. The state matching requirement creates both challenges and opportunities for 1890 institutions. Most states were providing little if any support to 1890s for Extension before the 1998 Farm Bill, and in many instances; the political support base at the state needed to be developed and strengthened.

Funding Situation: Prairie View A&M University, for instance, has seen only a modest increase in county dollars. The Federal Agriculture Improvement and Reform Act of 1996 allowed 1890 land-grant universities to participate in Smith-Lever 3(d) funding, but only when it is appropriated at or above 1995 funding levels. However, funding for many of these programs have not exceeded the FY 1995 appropriation level. Despite the fact that AREERA provides a means for 1890 institutions to participate in Smith-Lever 3(d) programs, these institutions are still ineligible for many because these programs have not grown to the point where the 1890s would be legally eligible to participate.

State Matching Requirements for the 1890 Land-Grant Institutions

AREERA section 226 added section 1449 to the NARETPA, which required the 1890 land-grant institutions to match 30 percent of the federal formula funds awarded in Fiscal Year 2000, 45 percent of the federal funds awarded in Fiscal Year 2001, and 50 percent of the federal funds awarded in Fiscal Year 2002 and thereafter. Waiver authority was provided to the Secretary of Agriculture only for Fiscal Year 2000. The Farm Security and Rural Investment Act of 2002 (FSRIA) amended NARETPA section 1449, requiring the 1890 institutions to match 60 percent of the federal funds awarded in Fiscal Year 2003, 70 percent in Fiscal Year 2004, 80 percent in Fiscal Year 2005, 90 percent in Fiscal Year 2006, and 100 percent in Fiscal Year 2007 and thereafter. FSRIA section 7212 also provided new waiver authority to the Secretary for amounts above the 50 percent level. These matching funds are unique in that they may be used for agricultural research or Extension activities as well as qualifying agricultural educational activities.

User Fees and Charges: The only user fee Prairie View A&M University has in place is for leasing of its camping facility. In recent years the university has upgraded the facility and added a ROPES course. Leasing of this camp is expected to generate significant revenue to support the overall Extension program in the coming years.

Grants and External Funding: Prairie View A&M University has benefited from an increase in grants and contracts. One of the most unique situations facing 1890 institutions is that in most cases all state funding must be used to meet the federal matching requirement. Most federal and many other grants require a non-federal match. 1890 institutions have few resources to use as a match under these circumstances. This forces these institutions to miss many opportunities that could enhance programs aimed at limited resource audiences.

1994 Institutions

Funding Situation: The 1994 land-grant institutions (tribal colleges) do not receive any base (formula) funds for Extension work. However, funding for Extension is available through the competitive Tribal Colleges Extension Program (TCEP) authorized under section 534(b) of the Equity in Educational Land-Grant Status Act of 1994, as amended by AREERA. To provide more stability in Extension programming for the 1994 tribal community, the Fiscal Year 2006 Request for Applications (RFA) provides applicants with the option of submitting applications for a four-year period. It is anticipated that successful applicants under this option will receive continuation grants. For these types of awards, grantees will receive funding for the first year and will receive funding in subsequent years subject to Congressional appropriations, annual reports that show satisfactory progress of the project, and submission of appropriate forms as requested by CSREES in years two through four. This process also will reduce the administrative burden to the 1994 land-grant institutions.

User Fees: There are currently no policies in place at 1994 institutions for the collection of user fees.

Grants and External Partnerships: 1994 institutions have limited staff capacity for pursuing external grant funding. However, some colleges have been successful in other CSREES competitive programs. The 1994 institutions also have limitations in terms of non-federal funds available to meet matching requirements. However, they also have a special authority (the Indian Self-Determination and Education Assistance Act of 1975) that allows them to use funds from another federal source to satisfy their grant matching authority.

Unique Partnerships: Some of the 1994 institutions have formed partnerships with other land-grant colleges to pursue additional dollars. For example, one school has focused most of its TCEP efforts on environmental protection through restoring native plants and is now working with several other institutions on a water quality project.

The 1994 Land-Grant Institutions

The Equity in Educational Land-Grant Status Act of 1994 provided land-grant status to 29 tribal colleges, which are known as 1994 Land-Grant Institutions. Since, then four additional tribal colleges were granted land-grant status.

The Unique Situation with the University of the District of Columbia

The University of the District of Columbia (UDC) receives Extension funds under the District of Columbia Postsecondary Education Reorganization Act, P.L. 93-471, as opposed to the Smith-Lever Act. UDC is not eligible for any programs that are authorized and appropriated under 3(d) of the Smith-Lever Act, such as the EFNEP or CYFAR.

The Insular 1862 Land-Grant Institutions

Insular (i.e. island) Area means the Commonwealth of Puerto Rico, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, and the Virgin Islands of the United States. Extension formula funds for Micronesia, the Marshall Islands, and Palau are awarded to the Office of Land-Grant Programs at the College of Micronesia, which manages these funds on behalf of all three institutions. The matching requirements for the Insular 1862 land-grants are different from other 1862 institutions. The insular institutions are required to match 50 percent of the federal funds allocated, and matching waivers must be granted by the CSREES Administrator if it is determined that the local government, in particularly those located in the Pacific, have special challenges in securing local matching funds. The Pacific insular institutions have special challenges in securing matching funds from non-federal sources.

GLOSSARY

1862s – Land-grant institutions established by the passage of the First Morrill Act (1862). The Morrill Act was intended to provide a broad segment of the population in each state with access to public higher education through sale of public lands

... to support . . . at least one college where the leading object shall be, without excluding other scientific and classical studies and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts . . . in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.
(Section 4. 12 Stat. 503)

1890s – 1890 Land-Grant Colleges and Universities, Tuskegee University and West Virginia State University, historically black land-grant colleges and universities. Through the Act of August 30, 1890 (the Second Morrill Act) and several other authorities, these institutions may receive federal funds for agricultural research, extension and teaching.

1994s – 1994 Land-Grant Colleges & Universities (also referred to as Tribal Colleges) which are Native American Institutions that received land-grant status in 1994 as a provision in the Elementary and Secondary Education Reauthorization Act, titled “The Equity in Educational Land-Grant Status Act of 1994.”

AREERA – The Agricultural Research, Extension, and Education Reform Act of 1998 is legislation signed into law on June 23, 1998 which reforms, extends or eliminates certain agricultural research, education and extension programs.

CES – The Cooperative Extension System (CES) is a publicly funded, nonformal educational system that links the educational and research resources and activities of the U.S. Department of Agriculture (USDA) Cooperative State Research, Education, and Extension System (CSREES), seventy-four 1862 and 1890 land-grant universities, thirty 1994 institutions, and approximately 3,150 county administrative units. The Cooperative Extension System’s stated mission is to enable people to improve their lives and communities through learning partnerships that put knowledge to work.

Numerous other federal agencies collaborate with the CES and USDA to address important national, multi-state, and state issues and problems through research-based educational programs. The USDA/CSREES Administrator is a member of the national committee that provides nationwide leadership for the CES: the Extension Committee on Organization and Policy (ECOP), operated through the National Association of Land-Grant Colleges and Universities (NASULGC).

CYFAR – Children, Youth and Families at Risk is funded through an annual Congressional appropriation for this initiative, CSREES allocates funding to land-grant university CES organizations for community-based programs for at-risk children and their families.

ECOP – Extension Committee on Organization and Policy (ECOP) is an elected committee which represents the 57 state and territorial Cooperative Extension Systems in policy decisions, and provides nationwide program and organizational leadership. Structurally, ECOP works through NASULGC, in concert with the USDA’s Cooperative State Research, Education, and Extension Service (CSREES) to initiate strategic planning and identify nationwide issues that lead to program and budget priorities. It represents the states and territories in legislative matters before Congress and develops and maintains

linkages and supportive relationships with other national organizations and associations.

EFNEP – The Expanded Food and Nutrition Education Program is an Extension education program designed to assist limited resource audiences in acquiring the knowledge, skills, attitudes and changed behavior necessary for nutritionally sound diets.

eXtension – eXtension is a collaborative approach whereby expert teams from the 74 land-grant universities (LGUs) develop and determine the “best of the best” information to be accessible to every county office and from multiple electronic devices with the ultimate goal that eXtension will be the preferred, trusted source of electronic information for people as they solve their life issues. This will be accomplished by developing community of practice (COP) teams of experts to aggregate the “best” information focused on a particular user’s situation, organizing content in databases separate from the delivery platform so that it can be adapted for multiple electronic delivery modes (cell phone, fax, PDA, desktops, and future digital technology), multiple formats (print, CD ,WWW, FAQs, fact sheets, Interactive decision tools, Ask the Experts, modules, courses) and multiple applications (national, state, and local) and developing a national intranet for the organization of information and collaboration tools for staff to access the knowledge of the 74 LGUs.

NASULGC – Founded in 1887, the National Association of State Universities and Land-Grant Colleges (NASULGC) is the nation’s oldest higher education association. A voluntary association of 214 public universities, land-grant institutions and many of the nation’s public university systems, NASULGC campuses are located in all 50 states, the U.S. territories and the District of Columbia. NASULGC is dedicated to supporting excellence in teaching, research and public service.

NRI – National Research Initiative is a competitive research and integrated research/education/extension grants program administered by CSREES.

OGC – The Office of General Counsel serves as the legal advisor and counsel for the Secretary and program agencies of the USDA.

Smith-Lever Act – The Smith-Lever Act of 1914 establishes the Cooperative Extension Service and provides federal funds for CES activities. The act requires that states provide a 100 percent match from non-federal resources. The act also authorizes special Extension projects under section 3(d). Current projects funded under this authority include the Expanded Food and Nutrition Education Program, Farm Safety, Integrated Pest Management, and Children, Youth and Families at Risk.