

**GUIDING PRINCIPLES FOR  
RCRE COST RECOVERY AND REVENUE ENHANCEMENT  
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**RCRE Mission Statement**

*Rutgers Cooperative Research and Extension at the New Jersey Agricultural Experiment Station helps the diverse population of New Jersey adapt to a rapidly changing society and improve their lives and communities through an educational process that uses science-based knowledge.*

*We focus on issues and needs relating to food, nutrition and health, the environment and natural resources, agriculture, and human and community development.*

1. Funded programs must be central to, and align with, RCRE's mission and four program priority areas: Agriculture and Food Systems; Environment and Natural Resources; Food, Nutrition, and Health; and Human and Community Development.
2. Programs and services must be customer driven to meet the needs of clientele. All programs must demonstrate client need, relevance, and/or relationship to RCRE's mission prior to implementation. In certain situations, program needs not addressed by RCRE may be met in conjunction with OCPE and other providers.
3. Program fees should be charged to recover all reasonable programmatic costs (except salaries) with exceptions being made for those who qualify for financial assistance or hardship. Cost recovery/revenue enhancement (as with evaluation and impact reporting) must be part of the overall program planning process and considered as programs are developed and continued. Cost recovery/revenue enhancement strategies must comply with Rutgers University administrative regulations and contractual arrangements.
4. When writing a grant or contract, RCRE faculty and staff are strongly encouraged to recover an appropriate portion of their salary (or that of their staff), relative to the amount of work involved, to provide enhanced programmatic support to RCRE.
5. The sources of donations and gifts provided to RCRE must meet Rutgers University Foundation standards for donors (e.g., IRS 501(c)(3) regulations).

6. Extension is mandated to provide a base level of support and response to all residents free of charge either via phone, written or electronic correspondence or informational document (e.g., fact sheet), in the areas where we have programs. An enhanced level of service may be provided to residents for an additional cost.
  - a. Full-cost fees (similar to those charged at OCPE-sponsored meetings) are appropriate for professional development programs (e.g., certification programs designed to enhance career skills) presented to individuals and organizations. Individualized cost recovery strategies (including related fees) should be outlined for all RCRE programs. Those that offer a higher level of service to specific individuals or audiences should be charged at a higher level than programs that serve broader public issues and general audiences.
7. Revenue enhancement efforts must be sustainable over time. RCRE must elevate the importance of relationship building and develop an organized process of cultivating clientele and program alumni for both financial support and political connections. This includes tracking the success of RCRE programs and participants. This will require a strong awareness and understanding of the organization within RCRE, NJAES, and the University community.
8. RCRE faculty and program staff must think of themselves as “intrapreneurs” (i.e., entrepreneurs of organizational cost recovery and revenue enhancement) in the development and management of educational programs.
  - a. RCRE has set a target to recover 10% of the total annual state budget initially, with increased growth in subsequent years to track inflation. As a benchmark, employees with program development responsibilities should strive to generate funds equal to a minimum of 10% of their annual salary *value*, to be utilized for extension programming. These monies will *not* be applied towards the annual salary but, rather, will be used for program support as indicated in section b, below.
  - b. It is expected that recovered net programmatic costs will be used to fund the corresponding Extension program of the individual(s) generating the recovery. Seventy-five (75%) of the recovered costs will be returned *to the employee* (to be managed in either a Rutgers or properly audited [by RCRE] off-campus account) to support the

individual's, team, and/or departmental programs and ten (10%) will be returned to support *departmental/unit needs* at the discretion of the Chair or Director. The remaining fifteen (15%) will be retained by *RCRE Administration* to support broader goals and new initiatives. Examples for two different salary levels are shown in the table below:

RCRE Employee Salary (excluding fringe)	Amount of Recovery for 10% of RCRE Employee Salary	Portion of 10% Recovery for RCRE Employee's Account (75%)	Portion of 10% Recovery for RCRE Employee's Department (10%)	Portion of 10% Recovery for RCRE (15%)
\$ 50,000	\$ 5,000	\$3,750	\$ 500	\$ 750
\$100,000	\$10,000	\$7,500	\$1,000	\$1,500

c. Creativity and entrepreneurship need to be rewarded as long as the methods used by faculty/staff are legal/ethical and the products/services that are developed fit Guiding Principle #2 above. Incentives (e.g., professional travel expense reimbursement) may be provided to RCRE faculty and program staff for exceeding revenue enhancement and cost recovery expectations. Rewards for creativity and entrepreneurship must also be integrated into annual faculty and program staff performance reviews (i.e., FASIP and pay-for-performance).

9. Market-driven programming carries inherent and unpredictable risks. Therefore, attempts at revenue enhancement and cost recovery by RCRE administration, faculty, and program staff are encouraged, and supported, even if projected financial targets are not met provided that decision-making tools and models are applied before funds are invested (see below).

a. Prior to program implementation, attention must be paid to calculating the expected cost-benefit ratio, and the proposed RCRE return on its investment of the proposed programs. Other decision making considerations that should be included during the program development stage include the budgeting of costs associated with personnel, facilities, equipment, and support services.

- b. RCRE will develop/adapt appropriate tools (e.g., Excel templates) to make calculations such as *Cost-Benefit Worksheets*, *Cost Recovery Worksheets*, and *Risk-Return Worksheets* and provide training for faculty and staff to identify the total cost of offering programs (including faculty/staff time) and cost recovery strategies.
10. There must be statewide consistency across counties in the *decision-making process* regarding cost recovery for RCRE programs. There must also be an RCRE-wide commitment for implementation and support of statewide fees and cost recovery policies. Some flexibility may be needed, however, to meet local needs and/or garner local political support.