

Cost Recovery

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Land-grant universities are not in the publishing business, but at least half of them are in cost recovery programs, making an effort to make more materials available to the public than budget limitations would otherwise permit.

There are, basically, three types of cost recovery programs:

1. Cost-sharing with other land-grant universities, state and federal agencies.
2. Limiting the number of single free copies and collecting for excessive requests.
3. Developing publications that couldn't be made available *unless* printing and handling costs can be recovered.

Cost recovery was initiated by New York State (Cornell) in about 1943. . . because their budget wouldn't stretch far enough. California, another pioneer, began their program in the early 50's.

In April 1962, USDA's general counsel overturned a 1938 ruling based primarily on the grounds that no specific authority existed for the sale of publications and that certain sections of the Smith-Lever Act implied that such sales were not intended. The general counsel reviewed this decision in light of then (1962) present circumstances. It was pointed out that compliance with the restriction on sales prevented states from making the most effective and efficient use of funds. It was also pointed out that cooperating organizations, as well as citizens, desire and need more copies of

Nielsen, Publications Editor at Utah State, presented this report on publications sales last October in Las Cruces at the Region B Western meeting. He wishes to give credit these resources: Glen W. Goss, Pennsylvania, "Cost Recovery Programs About 1965-66;" and recent summarizations by Ovid Bay, USDA, and Bill Wade, California.

certain publications than state extension services could furnish without charge. The general counsel was also advised that the necessary accounting and auditing procedures would be set up to insure that receipts from such sales would be used in furtherance of cooperative extension programs. The 1938 ruling was modified, expressing the view that such publications may be sold if the state law permits such sales and receipts of the sales are used in furtherance of approved extension work.

At that time (1962) a number of states, in addition to New York and California, were selling at least some publications. It had been determined that people were willing to pay for them, and that the demand often exceeded the available supply.

Utah, as well as other states, was interested in the program and began making inquiries. A poll conducted by Cleon Kotter in 1966 indicated that 12 specialists, five administrators and 14 county agents favored selling only certain publications. . . such as those expensive to produce or that provided limited special service. One specialist, no administrators and one agent indicated that they favored charging for all extension publications. They indicated their feeling that any publications given free were not regarded of much worth by the people receiving them. Six specialists, one administrator and 19 agents indicated they were against selling any extension publications. They indicated that it was a waste of professional time, a nuisance, a potential cause for embarrassment, a hindrance to education programs and a greater expense in time and bother than the amount received from the sale. Five specialists, one administrator and one agent indicated they were not quite decided on whether or not it was best policy to sell extension publications.

Against this background in 1966 it appeared that the charge for publication program in Utah would not readily be accepted and it was pushed to the back burner. Within the next two years, however, the economic situation in the state was so bad that the plan had to be revived. We couldn't provide free publications to the public, and USDA—then as now—couldn't supply all our needs.

Our proposal was based, in addition to lack of funds, on extension's expanding scope, increasing demand for and increasing costs of publications. It anticipated, correctly, that service to both adults and youth would expand to new fields, particularly in rural non-farm and urban areas.

We tried some of the alternatives, such as cost-sharing, with other organizations and private business. One publication in particular, we tried to sell to sporting goods stores, "Venison, its field care and use." Utah's a deer hunting state and there was a constant demand for a booklet dealing with dressing deer in the field, including the followup procedures and recipes. Several of the major stores expressed an interest in the proposal but none committed themselves. Finally, with the hunting seasons not too far off, we reached an agreement with the Utah Division of Fish and Game. We would supply the copy and illustrations and they would have the booklet printed, providing enough for extension's programs. The agreement is still in effect. Since then we've entered agreement with other agencies, mostly on a cost-share basis. Utah was also one of the original states in the Intermountain region cooperative publication group.

In 1969, without further attempts to overcome resistance from staff members, we received the go-ahead signal. We had been selling a few publications prior to March 1970 when we finally got in the cost recovery program. In setting it up we established guidelines and procedures and tried to keep them as flexible as possible. In the process we reviewed and revised our publication policy and our publication list, inventoried stock in the state and county offices. We equalized county stock so they could start with the same minimum, at least \$25, in stock. This would be replenished as they sold their base.

We didn't make a fuss or a lot of explanations to the public about the charge program. We had a newspaper article or two, and then simply slipped into gear. We've gradually added new titles and now have well over 100 charge publications, ranging from 25 cents, a minimum charge imposed in September, to \$6.00. Our charges include typesetting, printing, paper, bindery and mailing, rounded off to the nearest five cents. As you can see, we don't attempt to cover all costs.

In March 1974 we included 4-H in the program, charging members for manuals. We purchase at least half of our 4-H publications now. We get double use of our funds each year, actually. 4-H leaders get their materials free.

We passed a portion of the cost recovery program to the counties in 1975, permitting them to buy publications for 10 cents less than the listed price, to allow for postage. Several counties are doing very well. One agent recently told me he

was buying a microcomputer from publication sales profits.

Requests and money are handled by one person in the state office who also prepares invoices, receipts and deposits funds daily. We do not sell on consignment. We offer a discount of 10 percent on 100 or more copies of a single publication sent to one address. We permit resale at a markup determined by the seller.

Predictions made by some staff members before we entered the program haven't materialized. We've had few complaints from the public but had some grumbling from older staff members. We had a little resistance from one staff member who had a key to the bulletin room. He took the publications he wanted, after hours. We changed the lock. Eventually, he accepted the program and published two booklets, even participated in setting up a cost-share agreement with a commercial organization for one of them.

Before 1969 our bulletin room receipts averaged about \$3,500 a year. The first year of cost recovery it jumped to \$6,500. When 4-H got into the program it went to \$17,000. It dropped to \$16,500 in 1975 when counties were permitted 10 cents off each item. Two years later it was up to \$30,000 and last year topped \$31,000. In 10 years, we've recovered over \$200,000.

What do you have to consider in cost recovery: first, be sure that no Hatch funds are used to print publications involved in cost recovery. Then assure that Smith-Lever funds are returned to further extension work. Consider state laws and meet their requirements. Follow university policies in purchasing and accounting. Maintain relationships and establish procedures with other land-grant universities to encourage cooperative efforts. And, investigate bonding requirements for money handlers.

You should also consider fringe-subject matter areas that support university and extension programs where possible.

Your authors should be aware that their time and talent are not included in cost recovery; only directly related costs of processing and distribution are included.

You should have an adequate sales program, including a definite source where requests can be sent and promptly filled.

You should have sufficient storage space to keep your publications clean and dry and safe from pilferage.

You should consider purchasing publications to save time and money, participate in cost-share runs where possible,

and look toward regionalization. Plan far enough ahead so you can work with other states and USDA.

Often, with quick selling publications, as I've mentioned with 4-H, you can buy, sell and buy again, using your money one or more times each year.

The best cost recovery programs are built around salable items and not simply because someone on staff wants to print a booklet. Consumer interest should guide, not direct, your publication interests. And, finally, cost recovery programs should be flexible enough so they can be administered with good judgment and variations. Don't get tied up in red tape, rules that demand strict compliance and administration.

