

Policies and Procedures on Direct Cost Recovery and Sharing at Crop, Greenhouse, and Livestock Facilities

*University of Maine
College of Natural Sciences, Forestry, & Agriculture Maine
Agricultural & Forest Experiment Station*

Policies and Procedures on Direct Cost Recovery and Sharing

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I. Preamble and Statement of Policy

The College of Natural Sciences, Forestry, and Agriculture administers a number of farms, greenhouses, and gardens in support of its agricultural programs and provides services to a diverse set of facility users. The college is committed to providing facilities for research, teaching, and public service that serve the needs of the faculty, the University of Maine, and people of Maine. The college has established the policy herein to encourage faculty members and other farm users to seek extramural funds to reimburse costs of services provided at facilities and to create a system to account for and manage the cost-sharing of projects and activities.

Under this policy, project and activity directors are required to provide funds to reimburse the college for direct costs incurred by its facilities in support of projects or activities, or must arrange for formal cost-sharing by the college or other entities. Indirect costs and certain categories of direct costs, however, are excluded from cost recovery.

Costs for basic services and labor will be determined by the college financial administrator based on expense data and using generally accepted accounting principles. Actual fees for basic services and labor will be less than or equal to costs and set by the dean of the College of Natural Sciences, Forestry, and Agriculture. Other project-specific services may be available at full cost reimbursement.

Cost sharing of fees for projects and activities by the college is at the discretion of the dean. There is a general expectation that project sponsors external to the university will provide full funding for services and labor (i.e., no cost sharing). Policies and guidelines on cost sharing of fees will recognize special needs of pre-tenure faculty members and students. Cost-sharing guidelines will be flexible to accommodate unique circumstances and changing college priorities.

Contracts and formal agreements with entities external to the university made before the approval or revisions of these policies will remain unchanged. Projects and activities internal to the university are subject to changes in policy and procedures at the discretion of the dean.

The following specific policies and procedures are set forth to fulfill the goals of this policy statement.

II. Facilities

These policy and procedures are applicable to the facilities listed below. These facilities are primarily used by faculty in the College of Natural Sciences, Forestry, and Agriculture and University of Maine Cooperative Extension for research, teaching, and outreach programs. Undergraduate and graduate students have a significant presence at some facilities. Facilities also are used by other University of Maine and University of Maine System faculty, USDA research staff, industry researchers, student groups, public groups, and others.

Aroostook Farm
Blueberry Hill Farm
Highmoor Farm
J. Franklin Witter Teaching and Research Center
Roger Clapp Greenhouses
Lyle E. Littlefield Ornamentals Trial Garden

III. Definitions

A. *Indirect Costs*

Indirect costs are incurred for common or joint objectives and therefore cannot be identified with a particular sponsored project, an instructional activity, or any other institutional activity. Examples of indirect costs are facilities and administrative costs, including utilities, maintenance, and administrative compensation. These costs are typically paid out of general university funds. A portion of these costs are recovered through the F&A rate charged to sponsors.

B. *Direct Costs*

Direct costs are costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity or that can be assigned to such activities relatively easily with a high degree of accuracy. Examples of direct costs are the compensation of employees performing work directly in support of an activity and the cost of material consumed or expended in the performance of that work.

C. *Basic Services*

Generally, basic services include activities at a facility in support of the use and care of the space or animal(s) being used. Basic services include labor, supplies, and commercial services. Basic services do not include support of activities unique to a particular experiment or activity (e.g., experimental treatments, data collection) or support for activities off-facility. Basic services are defined uniquely for each facility type in Section VI.

D. *Unit*

A unit is defined as a logical unit of measure to which direct costs for basic services are applied. Units for costing are acre or square foot (crop farms), bench (greenhouses), or animal (livestock facilities). Specific definitions of units may vary between facilities.

E. *Unit Cost*

The unit cost is the total direct costs for basic services divided by number of units. Unit costs are established annually based on the actual direct costs that are incurred while providing basic services and are developed in compliance with generally accepted accounting principles.

F. Basic Service Fee

The basic service fee is a per unit billing rate that is set annually to recover all or a portion of the direct costs associated with providing basic services at a facility. Fees may be set at a rate lower than the actual unit cost. See Section V.A. for information on computation.

G. Other Services

Other services include services that are above and beyond the defined list of basic services available at facilities. Typically these services are project specific. Support for activities away from facilities is considered part of “other services.”

H. Labor Fee

The labor fee is for recovery of costs for assignment of staff labor to projects or activities other than for basic services. Labor reimbursement also may be required for inefficient operations as a consequence of project activities. The labor fee may be set less than the full cost. See Section V.B. for additional information.

I. Cost Sharing

Cost sharing occurs when the university or college contributes resources in support of an activity, typically a sponsored agreement. The following are three examples of cost sharing relevant to college facilities: (1) the fee charged for basic services is set lower than the actual unit cost; (2) the college pays all or a portion of the fee for basic services for a project or activity; (3) the college provides facility labor for off-farm projects without reimbursement.

IV. Direct and Indirect Cost Exclusions

Activities that constitute basic services and other services are defined in Sections VI and VII. Some categories of facility expenses are explicitly excluded from cost recovery. Indirect costs are excluded. Direct costs associated with infrastructure at farms (e.g., storage units, greenhouses, laboratories) are excluded because project-specific costs are difficult to segregate accurately. Also excluded are direct costs associated with use of large field equipment for activities not part of basics services. Allowable direct costs that might appear to overlap with indirect cost recovery (e.g., project-specific utility costs) by the university are excluded.

V. Direct Cost Accounting and Fee Application

A. Basic Services

1. Direct costs for basic services at each facility will be determined by the college financial administrator using facility expense data and generally accepted accounting principles. Aggregate expense data for basic services at each facility will be used to compute total direct costs. Expense categories include labor, supplies, and commercial services. Labor will include the costs for staff supervision for basic services. The unit cost rate for basic services will be computed by prorating total direct costs to a facility-specific cost unit (crop farms

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[acre or square foot], greenhouses [bench], or livestock facility [animal and species]) and time unit (crop farms [annual], greenhouses [month], livestock [per diem]). The unit cost will be recalculated annually after the year-end close. For livestock, unit costs will be estimated for each project because of the complexity of assigning labor costs to specific activities.

2. Fees for basic services will be set by the dean to be less than or equal to the unit cost rate. As unit costs are based on services provided and not the value of land or bench space *per se*, per unit rates and fees will be applied uniformly despite variation in the quality of particular land or bench space.
3. Projects or activities that use space, but do not require basic services will not be charged fees. Project directors should consult with superintendents on space availability and basic service needs.
4. When project directors share space and associated basic services, it is their responsibility to apportion fees among projects.

B. Labor

1. A common labor cost will be computed for all facilities based on aggregate data for staff salaries, wages, and fringe benefits. The labor cost will include the cost for staff supervision for services provided. Using a common labor cost reduces variation between facilities caused by small and variable staff structures.
2. Fees will be set by the dean to be less than or equal to costs. Project or activity directors may provide labor and avoid fees with approval of the superintendent.

C. Other Services

Generally, exact costs incurred by facilities for these project-specific activities would be determined on a case-by-case basis.

VI. Basic Service Elements

The following basic services are provided at facilities and are components of calculations of unit costs.

A. Livestock Facility

- Routine husbandry (feeding, bedding, milking)
- Animal inputs (purchased feeds and bedding)
- On-site feed and bedding production
- Species-associated routine facility and supply costs
- Health care
- Waste management
- Regulatory and registry costs
- Site-specific safety training for users and their employees

B. Greenhouses Facility

- Bench space (and sometimes floor space)
- Weeding under benches
- Housekeeping associated with project activities except for final project clean-up
- Pesticide application in consultation with user
- Management of irrigation and ventilation systems for project activities
- Site-specific safety training for users and their employees

C. Crop Farm and Garden Facilities

- At the field, not treatment level:
 - Lime (material) and its application; application of organic amendments. Fields are maintained at a 5.8-6.1 pH level; a special project add-on to basic service fees is required if pH levels outside of this range are needed.
 - Inclusion of fertilizer material in basic services and fees may differ between farms to fit local management needs, and basic service fees will reflect those differences. Spreading of fertilizers provided by farms or project directors will be applied at the field level as a basic service at all farms as permitted by available machinery.
 - Tillage, planting, cultivation, spraying, and harvest as permitted by available machinery
 - Mowing, pruning, hand harvesting
- Amendments (manure and/or compost), as available
- Irrigation, as available
- Field-level pest management
- Mowing field margins
- Cover crops as appropriate
- Site-specific safety training for users and their employees

VII. Other Services—Examples

Facilities may be able to provide other services. Facility users should discuss options with facility superintendents. Examples of other services are listed below. Note that support for activities away from the facility is considered part of “other services.”

A. Livestock Facility

- Animal purchases
- Animal transportation
- Animal testing to meet facility biosecurity requirements
- Treatment-specific feeding and/or milking
- Elective veterinary procedures
- Student instruction

B. Greenhouse Facility

- Special structure maintenance and construction (e.g., shade frame, cold frame)
- Long-term storage
- Specialized potting medium and container supplies

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- Specialized pest management

C. Crop Farm and Garden Facilities

- Transportation of equipment for off-site use
- Testing plants to meet facility biosecurity requirements
- Applying treatments to experimental plots

VIII. Equipment Upgrades and Infrastructure Alterations

These services are outside the scope of this direct cost recovery policy. Needs for facility equipment upgrades or infrastructure alterations must be discussed with superintendents and the associate dean during the planning phase of projects or activities.

IX. Cost Sharing

Cost sharing of projects and activities by the college is at the discretion of the dean. Academic units in the college may provide cost sharing for projects and activities subject to approval by the dean. The following expectations will guide decisions on cost sharing. All cost sharing must be pre-approved.

A. Faculty and Staff

1. Research—Project directors, typically faculty and staff, from the University of Maine, University of Maine System, and other institutions are generally required to provide funds for full fees for basic services and labor and full reimbursement for other services provided by facilities (i.e., no cost sharing provided by the college). This applies to extramural and internally funded projects, industry-supported research, pilot projects, and small-grant projects. For non-tenured faculty in the College of Natural Sciences, Forestry, and Agriculture, cost-sharing will be negotiated as part of startup packages.
2. Teaching—Within the College of Natural Sciences, Forestry, and Agriculture, decisions on cost sharing for academic courses at facilities will be made in consultation with academic chairs and directors as part of routine planning for academic programs. Formal cost-sharing agreements for courses allow for the accounting of college commitments to teaching programs. This guideline applies to, but is not limited to, required, elective, capstone, and independent study courses. Some unique aspects of teaching programs (e.g., horticultural plant collection), may require special cost-sharing arrangements. For other University of Maine and University of Maine System programs and other institutions, full fees or reimbursements are required for services and labor provided for courses and related activities (i.e., no college cost sharing).
3. Outreach and Service Activities—Program and activity directors are generally required to provide funds for full fees for basic services and labor and for full reimbursement for other services provided by facilities (i.e., no college cost sharing).

B. Graduate Students/Advisors

Faculty advisors or graduate students are generally responsible for providing funds for full fees for basic services and labor associated with graduate student research projects per Section IX.B.1.i. (i.e., no college cost sharing).

C. Undergraduate Students

1. Research—For directed research within a faculty research program, faculty members are required to provide funds for full fees for basic services and labor associated with student research projects at facilities. For student research that is part of curriculums or other formal academic programs, the academic unit is responsible for fees for basic services and labor for undergraduate research projects at facilities. Cost sharing will be considered as per Section IX.A.2.
2. Courses—Academic units bear responsibility for providing funds for fees for services associated with courses as outlined in Section IX.A.2.
3. Student Clubs—Clubs or academic units are required to provide funds for fees for basic services or labor provided by facilities. Clubs typically have a low need for basic services; needs for other services are more common. Decisions on cost sharing for student club activities will be made in consultation with academic chairs and directors as part of routine planning for academic programs. Student club activities are often unique (e.g., food guild, equestrian club) and will require special considerations.

D. Industry

Researchers from private industry are required to provide full fees for basic services and labor and full reimbursement for other services provided by facilities (i.e., no college cost sharing).

E. Federal Partners

Researchers from federal agencies are required to provide full fees for basic services and labor and full reimbursement for other services provided by facilities (i.e., no college cost sharing).

F. Private Organizations

Private groups using facilities are required to provide full fees for basic services and labor and reimbursements for other services provided by facilities (i.e., no college cost sharing).

X. General Administrative Procedures

- A. Direct cost fees and cost sharing will need to be incorporated into proposal budgets and approved via the ORSP PARS system.
- B. Fees, forms, and information on administrative procedures will be posted on college websites.

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- C. Faculty must submit requests for space, animals, and labor to appropriate facility superintendents annually and provide sufficient information to anticipate subsequent billing.
- D. Requests for cost sharing for research will be directed initially to the associate dean for research. Cost-sharing consultations for academic programs will be with the dean.
- E. Procedures for service requests, cost sharing requests, PARS approvals, billing, and other administrative procedures are TBD.