

# ANR Research and Extension Center System Rate and Recharge

Debra Driskill  
Business Manager



**University of California**

Agriculture and Natural Resources | Research and Extension Center System

# ANR Research and Extension Center System

- A network of 9 Centers across California's diverse climates and ecosystems
- Provides land, facilities, equipment, labor, and technical and management support for research and education programs
- Provides areas with controlled environments to insure the success of long term research



**University of California**

Agriculture and Natural Resources | Research and Extension Center System

# ANR Research and Extension Center System



University of California

Agriculture and Natural Resources | Research and Extension Center System

# Why Rate and Recharge

- Severe budget cuts
- 85% of Operating budget in salaries
- Increase demand for research
- Constant rising costs
- Method of charging for services that conforms to Policy



**University of California**

Agriculture and Natural Resources | Research and Extension Center System

# EARLY IMPLEMENTATION OF RATES 1998-2004

- 1998-2005 Rate was \$11.94 per labor hour for any hours used in excess of allocation.
- The same rate used at every Research Center.
- No methodology was used to determine Rates.
- We had no process for approval or accountability.



# 2006-2008

- 2006-2008 “Rate methodology”

-Total cost of research minus operations budget

---

# of research hours allocated



**University of California**

Agriculture and Natural Resources | Research and Extension Center System

# WHAT WE DID WRONG

- Did not look at allowable costs
- Did not review expenses for adherence to UC or Federal policy
- Did not include depreciation expense
- Did not include staff salary and benefit costs
- Did not provide training to staff or researchers



**University of California**

Agriculture and Natural Resources | Research and Extension Center System

# Back to the Drawing Board

- 2009 Established Rate process aligned with UC and Federal Rate and Recharge Policy.
  - OMB A21 Circular / UC Policy
- Required Center management to review Operating Budget and understand which costs directly supported research.
- Rolled out the process one Center at a time.





# Rate and Recharge Process

- Each Center determines Rates annually based on Research Program year.
- Only costs directly associated with research project support are included. Unit of measurements are specific to the type of research.
- All Rates are approved by a Committee that includes Research Project Investigators.
- Centers are expected to break-even.



# STEP BY STEP INSTRUCTIONS

## Plan

Step 1 [Determine if a Rate is Needed](#)

[But is it a Recharge Activity](#)

Step 2 [Determine Activity Scope](#)

[Identify Direct Costs](#)

Step 3 [Develop the Rate](#)

## Submit

Step 4 [Submit to Control Unit](#)

Step 5 [Greater than 15K in Revenue?](#)

Step 6 [Control Unit Submits to Rate & Recharge Committee](#)

## Implement & Monitor

Step 7 [Establish Account](#)

Step 8 [Post Rate & Notify Users](#)

Step 9 [Implement Accounting Process](#)

Step 10 [Implement Billing Process](#)

Step 11 [Monitor Your Rate](#)

Step 12 [Is Rate Covering Cost?](#)



University of California

Agriculture and Natural Resources | Research and Extension Center System

# STEPS FOR CREATING A RATE

## Step 1 Determine if a Rate is Needed

- What is our mission? Is there a sound business case supporting the activity.
- Are services identifiable and provided on a regular and continuing basis?
- Can rates be stated in measurable units of goods or services? (per acre, labor hour, per project)



## Step 2 **Determine Activity Scope**

Identify Direct Costs-Those costs that can be directly and consistently traced to the product or service of the activity.

### **Personnel-Salary and benefits**

-include anticipated salary increases

### **Supplies**

-irrigation water, fertilizer, fuel for tractors  
-maintenance and minor repair of equipment

### **Equipment Depreciation**



## Step 3 **Develop the Rate**

- Determine Unit of Measurement per acre, labor hour or per project.
- List the research projects for program year.
- Include all direct costs
- Include any deficit or overage from previous year.



# Rate Methodology

## Full Cost Rate

- Total Operating Cost to Directly Support Research
  - Personnel + S&E + Depreciation
- Divided by number of total unit of measurement = Full Cost Rate
- This rate will be charged to non-UC affiliated researchers.



# Rate Methodology

## Subsidized Rate

- Total Operating Cost to Support Research **minus** Funds supplied by ANR and specific funds generated by Center = Subsidized Cost
- Subsidized Cost is divided by number of total units of measurement of research support = Subsidized Rate
- Subsidized rate is charged to all UC affiliated researchers



# Desert REC Recharge Rates

- Full Cost Rate for Feed Mill \$42.20
- Subsidized Rate for Feed Mill \$7.29
  
- Full Cost for Field Research \$45.20
- Subsidized Rate for Field Research \$9.22



**University of California**

Agriculture and Natural Resources ■ Research and Extension Center System



SOUTHCOAST Research & Extension Center RAC Year JAN -DEC 2010

**RATE CALCULATION - RESEARCH**  
**HOURLY LABOR RATE CALCULATION -**

**Productive Hour Calculation**

Yearly Standard

Total working hours for the year	2088 hours	2088
Standard deductions (hours)		
Holidays	12 days = 96 hours	96 From Personnel Policy
Vacation leave (averaged for entire group of employees)	18 days = 144 hours	136 Historical average
Sick leave (averaged for entire group of employees)	12 days = 96 hours	80 Historical average
Other administrative time off (meetings, travel, training, field days, etc.)		100 Historical average taken from XREC labor program
	<b>Subtotal</b>	412
Other time deductions (Time not charged to research projects directly) (Uniform Cropping, Field Maintenance, Equipment maintenance, repair and set-up not charged to research projects directly)		844.5 Average of time per FTE not charged to research projects
	<b>Subtotal</b>	844.5
	<b>Total deductions</b>	1256.5
<b>Productive Hour Standard</b>		831.5

Data must be added manually



Object Code or Identifier	Supplies and Expenses for research	Projected Amount	Notes			
	Irrigation Water	129,144.00	previous yr plus 5%			
	fertilizer	9,500.00	previous yr plus 5%			
	pesticide	16,250.00	previous yr plus 5%			
	Repairs/Maintenance	11,000.00	Historical average			
	fuel	15,000.00	contracted price			
	misc field supplies	15,000.00	historical average			
	misc equipment supplies	10,000.00	previous yr plus 5%			
	TREE REMOVAL	20,000.00	removal trees in uniform cropping, germplasm and project			
	Contract Labor	48,120.00	4010 hrs @ \$12.00			
		22,800.00	1900 hrs @ \$12.00/hr			
	<b>TOTAL SUPPLIES &amp; EXPENSE</b>	<b>296,814.00</b>				



**University of California**

Agriculture and Natural Resources ■ Research and Extension Center System

FUND #	SUBSIDY		DESCRIPTION
19900	ANR Benefit Allocation	71,605.00	
19900	XREC Salary Allocation	160,092.00	
19990	AES Supplies & Exp from Base Budget	131,063.00	
	salary savings Marie		01-09 to 06-09
	salary savings sr ag tech		01-09 to 06-09
66147	salary savings farm mechanic		07-09 to 12-09
	meterological site money	6,615.00	
	SCRC Crop Income for equipment		
	Cell Tower income	17,667.00	
	<b>TOTAL SUBSIDY FOR PROGRAM YEAR</b>	<b>387,042.00</b>	



**University of California**

Agriculture and Natural Resources ■ Research and Extension Center System

DEPRECIATION SCHEDULE

Equipment Item*	Date of Purchase (mm/dd/yy)	Amt charged to recharge center	Salvage Value	Percentage Recharge Usage	Amount to be depreciated	Useful Life (Months)	Number of Months Depreciated Prior Year(s)	Number of Months Depreciated 2,008	Number of Months Depreciated 2,009	Number of Months Depreciated 2,010	Prior Year(s) Accum. Depreciation	2007-2008 Amount Depreciated	2008-2009 Amount Depreciated	2009-2010 Amount Depreciated	
Description	Property no.														
3 Bottom reversible plow	20003003349	09/27/200	3,883.00	500	100%	3,383.00	120	87	12	12	9	2,453	338	338	254
Utility Tracotr	2008300651	6/23/2008	35,422.00	1,000	100%	34,422.00	120	0	6	12	12	0	1,721	3,442	3,442
Skid Steer Loader	20073001317	7/5/2007	29,461.00	500	100%	28,961.00	120	6	12	12	12	1,448	2,896	2,896	2,896
High Clearance Tractor	2002300200	12/18/2002	34,450.00	1,000	100%	33,450.00	120	61	12	12	12	17,004	3,345	3,345	3,345
Brush Mower	20023002124	3/27/2002	6,454.00	100	100%	6,354.00	120	70	12	12	12	3,707	635	635	635
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
						0.00						0	0	0	0
<b>TOTALS</b>			<b>\$109,670</b>	<b>\$3,100</b>		<b>\$106,570</b>						<b>\$24,611</b>	<b>\$8,936</b>	<b>\$10,657</b>	<b>\$10,572</b>



**PROGRAM YEAR 01/01/10 TO 12/31/10**

					Benefits	Benefits	Total Annual			
					Salary	Rate	Cost	Cost		
<b>Salaries and Benefits</b>										
<b><u>Supervisory Personnel</u></b>										
Princ Supt of AG	12	mos @	38% @ 5,566	per month	\$25,381	26.0%	\$6,599	\$31,980	Average of 8 mos at 34%/4 mos 42% (furlough)	
Sr Supt of AG	12	mos @	97% @ 4,139	per month	\$48,178	40.0%	\$19,271	\$67,449	Average of 8 mos at 94%/4 mos 100% (furlough)	
<b><u>Administrative staff</u></b>										
Office Manager	12	mos @	0% @ 0	per month	\$0		\$0	\$0		
Sr Clerk	12		0% @ 0	per month						
<b><u>Productive Personnel</u></b>										
Prin Ag Tech	12	mos @	88% @ 3,890	per month	\$40,845	56.0%	\$22,873	\$63,718	START average reduction 5%	
Sr Ag Tech	4	mos @	98% @ 2,916	per month	\$11,372	35.0%	\$3,980	\$15,352	START average reduction 5%	
Sr. Ag Tech	12	mos @	98% @ 2,860	per month	\$33,462	55.0%	\$18,404	\$51,866	START average reduction 5%	
Farm Machinery Mech		mos @	@	per month	\$0		\$0	\$0		
Farm Maint Worker	12	mos @	2% @ 3,557	per month	\$854	56.0%	\$478	\$1,332		
		mos @	@	per month	\$0		\$0	\$0		
Title		mos @	@	per month	\$0		\$0	\$0		
Title		mos @	@	per month	\$0		\$0	\$0		
Title		mos @	@	per month	\$0		\$0	\$0		
Title		mos @	@	per month	\$0		\$0	\$0		
<b>Total Salaries and Benefits</b>					<b>\$160,092</b>		<b>\$71,605</b>	<b>\$231,697</b>		



<b>Total Salaries and Benefits</b>		\$160,092	\$71,605	\$231,697
<b>Supplies &amp; Expense</b>				
Materials and supplies for research (from budget worksheet)				296,814.00
<b>Equipment Depreciation</b>				
From Depreciation Table (equipment used for research not attributable to any grant or specific activity)				10,319
<b>Adjustment for Previous Years' Operations</b>				
Deduct Surplus or Add Deficit				\$4,500
<b>TOTAL PROJECTED OPERATING COSTS</b>				\$543,330
<b>TOTAL PRODUCTIVE HOURS</b>	<b>Total FTE of Productive Personnel</b>	4.20	Should match total percentage at top of form	
	<b>Productive Hours per FTE from Wroksheet</b>	831.5	3,488.14	7,498
	<b>All other labor hours from Budget Worksheet not included in FTE</b>		4010.00	
			7498.1425	
<b>FULL COST RATE PER HOUR</b>				\$72.46
<b>Subsidy</b>				387,042
Must be a subsidy that lowers the rate for all UC customers.				
<b>TOTAL SUBSIDIZED PROJECTED OPERATING COSTS</b>				\$156,288
<b>SUBSIDIZED RATE PER HOUR</b>				\$20.84



# 2013-2014 FY

Operating Research Budget- Salaries/Benefits	5,001,545.00
Operating Research Budget-supplies/expense	\$774,996.00
Rate income	<b>\$824,833.00</b>
Reserve for Equipment renewal and replacement	<b>\$649,682.00</b>



**University of California**

Agriculture and Natural Resources | Research and Extension Center System

# CHALLENGES

- Push back from both Center personnel and researchers.
- Researchers were not happy.
- Centers were keeping rates artificially low
- Training was inconsistent.



**University of California**

Agriculture and Natural Resources | Research and Extension Center System



- Rate and Recharge web site
  - Training, resources, step by step instructions
  - Individual training provided to each Center
  - Informational video developed to target Researchers.
  - Conducted information meetings with Researchers throughout the State.
  - Published our Rates



**University of California**

Agriculture and Natural Resources | Research and Extension Center System

# THANK YOU

- ANR RATE AND RECHARGE WEB SITE:  
<http://ucanr.edu/sites/recharge/>

## CONTACT INFORMATION:

-Debra Driskill [dldriskill@ucanr.edu](mailto:dldriskill@ucanr.edu)



**University of California**

Agriculture and Natural Resources ■ Research and Extension Center System