

Maricopa Agricultural Center Financing And Cost Recovery

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The University of Arizona College of Agriculture and Life Sciences has developed procedures to increase cost recovery. Flat budgets, budget cuts and inflation have reduced the funding available for operations and personnel services. The University of Arizona allocates operating monies to each Center, which has not been sufficient. The Centers have to generate an additional 30 and 50 percent to meet their goals. The University does provide funding to cover personnel services. If the Centers need additional personnel to operate, they must generate those funds. Each project leader is assigned technical support if it is available and must pay 20% of that cost from other funding. If they are not assigned technical support then they must generate 100% of the funding.

Our first step was to return farm sales back to the Centers. Historically the sale of all agriculture goods from the Centers was divided equally between the President and the College. The Centers received nothing even though they had the expenses for growing, harvesting and transporting. Currently 80% of all farm sales are returned to the Center and 20% is allocated to the Experiment Station Director. The Experiment Station Director typically uses these funds for those Centers that are short of funds and to support new projects.

Our second step was to charge project leaders a fee to help support their projects. This policy varies between each Center because of differential operating costs and amount of land available for research. It costs more to produce vegetables, compared to cotton or pasture crops. At one Center the U/A researcher gets one acre free and pays \$800 for each additional acre. At another Center the researcher pays (up to \$2000/acre) according to the grant money available for that project. All researchers are requested to include funding on the grant to support their projects (whether it is land, greenhouse space, etc.). A Farm Service Agreement is written which requires that the funding be shown for each project (http://cals.arizona.edu/aes/mac/documents/farm_service_agreement.pdf).

It was noted that private companies were providing funds to University researchers to conduct their research at the Centers. This practice resulted in no Center support for the project. Our third step was to develop a Facility Use Agreement (http://cals.arizona.edu/aes/mac/documents/facility_use_agreement.pdf). This is a short legal document that is signed by a non-University affiliated organization, the Center Director and the University Contracting Officer. It outlines the agreements between the University and the User and the payment schedule. This agreement allows the organization to develop proprietary information or materials. Charges for these agreements range from \$2000 to \$3000 per acre depending on the production costs. Services provided only include normal farm practices, any extra requirements are charged at the typical custom rates. In some cases there has been a \$250 per acre fee plus charges for all services provided by the Center. These agreements generate the majority of our cost recovery funds. The Facility Use Agreements have been used for land use, greenhouse, cotton ginning and delinting, cold room and freezer use, storage space, etc.

Equipment replacement has always been a problem. In recent years we have solicited unrestricted donations, not only in money but also equipment. In some cases the donation tax advantage can exceed the amount received at auction or farm sale. The donated equipment is used as trade-in for new or used farm equipment. Typically all University equipment is turned into Surplus Property and sold. The return to the Centers from this practice has been minimal. University regulations allow the Center to trade-in old equipment and get full credit. Our experience has shown that several old tractors can help reduce that cost of a new tractor. In fact in some cases the equipment has had additional antique value.