MEMO

Memo No.	**2**
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Project	**Revenue Recognition**
Project Stage	**Implementation**
Issue(s)	**Reimbursement of Out-of-Pocket Expenses**

Memo Purpose

1. At its April 2018 meeting, the Private Company Council discussed a comment letter the FASB received in January 2018 from the AICPA Technical Issues Committee (TIC) requesting private company exceptions to Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers,* and other revenue related Updates (the revenue standard). At that meeting, PCC members asked the staff to perform additional outreach and research on one of the issues raised in the TIC comment letter, the accounting for reimbursements from customers of out of pocket expenses. This memo summarizes the work performed by the staff in response to the PCC's request.

   (a) Analysis of Topic 605

   (b) Analysis of Topic 606

   (c) Summary

Analysis of Topic 605

2. Current GAAP includes explicit presentation guidance on the accounting for reimbursements of out of pocket expenses. That guidance is included in Subtopic 605-45, Revenue Recognition—Principal Agent Considerations. The source guidance is EITF Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred." That guidance prescribes that reimbursements received for out-of-pocket expenses incurred shall be characterized as revenue in the

income statement. While that guidance does not address the timing of recognition, the staff understands that under current GAAP revenue is typically recognized when the related expenses are incurred.

3. Reimbursements from customers is also addressed, indirectly, in Subtopic 605-35, Revenue Recognition—Construction-Type and Production-Type Contracts (originally AICPA SOP 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*). The following is an excerpt from EITF Issue 01-14 that describes the interaction with SOP 81-1:

> The Task Force agreed that income statement characterization as revenue of reimbursements received for out-of-pocket expenses incurred is also consistent with the guidance in SOP 81-1. Paragraph 15 of SOP 81-1 describes the types of contracts that are within the scope of that SOP, including time-and-material and cost-type contracts. Appendix B of SOP 81-1 describes variations of time-and-material contracts, including contracts in which materials are billed at cost, and cost-type contracts that require reimbursement of costs incurred in addition to a fixed fee. **SOP 81-1 suggests that those arrangements are simply different methods of pricing and that the amounts billed in each case should be characterized as revenue. Paragraph 55 of SOP 81-1 states that "the estimated revenue from a contract is the total amount that the contractor expects to realize from the contract."** Although there may be instances in which the contractor acts solely as an agent, paragraph 59 of SOP 81-1 states that in cases in which the contractor acts as a principal "the contractor should include in revenue all reimbursable costs for which he has risk or on which his fee was based at the time of bid or negotiation." **[Emphasis added.]**

Analysis of Topic 606

4. The staff has included detailed analysis of the key provisions in Topic 606 that affect the determination of the appropriate accounting for reimbursements from customers for out-of-pocket expenses. Update 2014-09 does not include any explicit guidance on the accounting for out-of-pocket expenses. As such, the staff thinks that it is critical to understand the various aspects of the five-step revenue recognition model when discussing Topic 606.

Principal versus Agent Considerations

5. Update 2014-09 includes implementation guidance on determining whether an entity is a principal or an agent, which in turn determines whether the entity recognizes revenue on a gross basis or net basis. To do this, an entity should determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (that is, the entity is a principal) or a performance obligation to arrange for those goods or services to be provided by the other party (that is, the entity is an agent). An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer. There are three indicators included in the guidance to assist entities with the control evaluation.

6. The principal versus agent analysis is a key aspect of the revenue standard for the out-of-pocket issue because it narrows the population of contracts affected by that issue. During the April PCC meeting,

several PCC members noted that “pass through expenses” should not have to be estimated and should not have any effect on profit margins. The staff highlights that in cases in which the entity is an agent and the reimbursement is equal to the cost, the net effect on revenue would be zero (and thus no estimation would be required). The following is an example from PwC’s Guide, “Revenue from Contracts with Customers,”[1] to illustrate the effect of the principal versus agent analysis:

> For example, a service provider may subcontract a portion of the service it provides to customers and agree with the customer to be reimbursed for the subcontracted services (sometimes referred to as a "pass-through" cost). The service provider would be an agent with regard to the subcontracted services if it does not control the subcontracted services before they are transferred to the customer. In this case, the service provider would recognize revenue from the reimbursement net of the amount it pays to the subcontractor. The service provider would be the principal if it controls the subcontracted services by directing the subcontractor to perform on its behalf or combining the subcontracted services with its own services to create a combined output. If the service provider is the principal, the reimbursement would be included in the transaction price and allocated to the separate performance obligations in the contract.

Identifying Performance Obligations (including a series)

7. As described in the section above, the principal versus agent analysis is performed for a specified good or service (that is, a performance obligation). An amendment to the Master Glossary set forth in Update 2014-09 defines a performance obligation*,* the unit of account for applying the revenue guidance, as follows:

> A promise in a contract with a customer to transfer to the customer either:
>
> a. A good or service (or a bundle of goods or services) that is distinct
>
> b. A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

8. Goods or services are distinct if both of the following criteria are met:

    (a) The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct)

    (b) The entity’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract).

9. If a promised good or service is not distinct, an entity combines that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct. In some cases, that results in the entity accounting for all the goods or services promised in a contract as a single performance obligation.

[1] https://www.pwc.com/us/en/cfodirect/assets/pdf/accounting-guides/pwc-revenue-recognition-global-guide.pdf

10. The identification of performance obligations has the following effects on the accounting for out-of-pocket expenses.

    (a) The principal versus agent analysis is performed on a specified good or service, which is analogous to the performance obligation unit of account. That means that if a good or service is distinct, the entity would determine whether it is the principal or agent for that good or service. Conversely, if the good or service is not distinct, that good or service is combined with other goods or services in the contract and the principal-agent analysis would be determined for the combined performance obligation.

    (b) Whether goods or services are distinct will affect the allocation of the transaction price, specifically whether guidance related to the allocation of variable consideration to one or more performance obligations (or one or more distinct goods or services in a series) may be applied. This guidance is discussed in detail later in the memo (see Allocation of Variable Consideration and Practical Expedient section below).

    (c) In Step 5 of the five-step model, revenue is recognized either over time or at a point in time for each performance obligation. If goods or services are bundled into a single performance obligation, then an entity would recognize revenue related to that performance obligation using a single method. That is, an entity cannot use Step 5 of the model to circumvent the performance obligation guidance by selecting multiple methods of measuring progress toward satisfying a single performance obligation.

Variable Consideration and the Constraint on Variable Consideration

11. The guidance requires an entity to estimate the amount it expects to be entitled to under the contract. When developing this estimate, an entity would consider whether, and to what extent, its estimates are constrained on the basis of the following guidance:

> **606-10-32-11** An entity shall include in the transaction price some or all of an amount of variable consideration estimated in accordance with paragraph 606-10-32-8 only to the extent that it is **probable that a significant reversal in the amount of cumulative revenue recognized will not occur** when the uncertainty associated with the variable consideration is subsequently resolved.
>
> **606-10-32-12** In assessing whether it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, an entity shall consider both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:
>
> a. The amount of consideration is highly susceptible to factors outside the entity's influence. Those factors may include volatility in a market, the judgment or actions of third parties, weather conditions, and a high risk of obsolescence of the promised good or service.

> b. The uncertainty about the amount of consideration is not expected to be resolved for a long period of time.
>
> c. The entity's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value.
>
> d. The entity has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances.
>
> e. The contract has a large number and broad range of possible consideration amounts. **[Emphasis added.]**

12. In applying the guidance above to reimbursements of out-of-pocket expenses, an entity may determine that some or all of the transaction price is constrained if any of the factors above exist in the arrangement. For example, in cases in which an entity has strong historical evidence of reimbursements (such as, reimbursements typically are 10 percent of the contract price), an entity may not be constrained in its estimates. In contrast, if the contract spans several years, relates to a new type of service or new type of customer, and therefore the entity is not able to generate reliable estimates, then the transaction price may be constrained at contract inception. If a portion of the transaction price related to reimbursements of out of pocket expenses is constrained, an estimate of the reimbursement (or portion thereof) would not be included in the transaction price until it becomes probable that a significant revenue reversal would not occur, which may be when the underlying out of pocket expenses are incurred in some cases.

13. If an entity determines that it needs to estimate the variable consideration, it would develop an estimate using the expected value (sum of probability weighted amounts) or the most likely amount (single most likely amount in a range of estimates) methods, as described in Topic 606. In July 2015, the TRG discussed estimating variable consideration (refer to TRG Memo No. 38). That memo explained that an entity can consider evidence from other similar contracts to develop an estimate under the expected value approach. In other words, an entity could use a portfolio of information to develop the estimate even if it was not considering the portfolio practical expedient in applying the revenue standard (that expedient permits an entity to apply the guidance to a portfolio of contracts with similar characteristics if the entity reasonably expects the effects on the financial statements to not materially differ). Therefore, a company could consider reimbursement rates across a pool of similar contracts to develop its estimate. For example, if the entity determines that the average rate of cost reimbursements in relation to total contract price is 10 percent, then the entity could apply that 10 percent rate across all contracts rather than determining an estimated rate per contract.

Allocation of Variable Consideration and Practical Expedients

14. Typically, under the guidance in the revenue standard, consideration is allocated to performance obligations on the basis of a standalone selling price analysis. However, when the consideration is variable there is additional guidance to ease the application of the allocation guidance as follows.

606-10-32-40 An entity shall allocate a variable amount (and subsequent changes to that amount) entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation in accordance with paragraph 606-10-25-14(b) if both of the following criteria are met:

a. The terms of a variable payment relate specifically to the entity's efforts to satisfy the performance obligation or transfer the distinct good or service (or to a specific outcome from satisfying the performance obligation or transferring the distinct good or service).

b. Allocating the variable amount of consideration entirely to the performance obligation or the distinct good or service is consistent with the allocation objective in paragraph 606-10-32-28 when considering all of the performance obligations and payment terms in the contract.

15. KPMGs Handbook, Revenue Recognition[2], includes the following example that illustrates the allocation guidance above. This example was also included in TRG Memo No. 39, which was discussed by the Board and TRG members in July 2015:

Hotel Manager enters into a two-year contract to provide hotel management services to Customer. Hotel Manager charges Customer 2% of monthly occupancy fees, **reimbursement of labor costs incurred to perform the service** and an annual incentive payment based on 5% of gross operating profit. Hotel Manager concludes that the contract consists of a single performance obligation satisfied over time to provide hotel management services. Hotel Manager also concludes that the performance obligation is a series of distinct days of service and that a time-based measure of progress is appropriate for the performance obligation. Hotel Manager concludes that the contract has three types of variable consideration:

1. fee based on monthly occupancy fees;

2. reimbursement of variable labor costs; and

3. annual incentive payment based on gross operating profit.

Hotel Manager evaluates whether those amounts should be allocated entirely to one or more distinct service periods.

1. Monthly fee. Hotel Manager concludes that the fee should be allocated entirely to each month. The variable amounts relate directly to Hotel Manager's efforts and the outcome from providing the services each month and are not dependent on prior or future month's services and meet criterion (a) in section 6.6.20. Furthermore, criterion (b) in section 6.6.30 is met because percentage of rental revenue is consistent each month and would depict the amount the entity would charge to provide those services on a monthly basis.

2. Reimbursement of variable labor costs. Hotel Manager concludes that the fee should be allocated entirely to each day. The variable amounts relate directly to Hotel Manager's efforts to transfer the service in that time period and meet criterion (a) in section 6.6.20 because it is resolved each day (i.e. not dependent on past or future performance). Furthermore, criterion (b) in section 6.6.30 is met because the reimbursement pricing structure remains consistent among the distinct daily service periods and depicts the varying amounts of consideration to which the entity expects to be entitled each day.

3. Annual incentive payment. Hotel Manager concludes the annual incentive payment relates directly to the benefit provided to the customer for the annual period and it is consistent with incentive fees that could be earned in other years. As such, Hotel Manager concludes the incentive payment should be allocated to each year.

Hotel Manager not only considers the allocation of the payments individually, but it also considers the allocation of all of the payment terms. As such, because the monthly reimbursement of variable

[2] https://frv.kpmg.us/content/dam/kpmg/financialreportingnetwork/pdf/2017/revenue-recognition-handbook.pdf

> labor costs and annual incentive payment relate to different service periods, Hotel Manager needs to consider whether allocating the fees to different periods is consistent with the allocation objective (see section 6.2). Hotel Manager concludes that allocating the monthly user fee, reimbursement of variable labor costs and annual incentive payment to different periods is consistent with the allocation objective because each day during the contract period is in effect allocated its proportion of the variable consideration. This conclusion is consistent with the TRG discussion. **[Emphasis added.]**

16. As illustrated by the example above, in circumstances in which an entity determines that its performance obligation is a series of distinct goods or services, the guidance in paragraph 606-10-32-40 requires an entity to allocate variable consideration to each distinct service (each day, in the case above) when the criteria are met. As such, the entity would not need to develop any estimates of variable consideration (that is because the variable consideration amount is resolved each and every day). This logic also applies if the contract includes multiple performance obligations and the variable consideration relates to one or some, but not all, of the performance obligations (that is, the guidance in paragraph 606-10-32-40 does not only apply to transactions accounted for as a series).

Recognizing Revenue and Measure of Progress

17. Much of the discussion at the April PCC meeting revolved around the effect of timing differences between when expenses are incurred and when the reimbursements are recognized as revenue. This section of the memo will describe the different methods that entities may use to recognize revenue and how those varying methods align, or don't align, with the timing of the cost expenditure.

18. In explaining this topic, it is important to note that the revenue standard did not broadly change accounting for costs. There is some new guidance in Topic 340-40 regarding capitalization of costs to fulfill a contract, but beyond the introduction of that new subtopic, cost accounting is largely unchanged. Accordingly, in many cases in which the timing of revenue recognition changes (whether it be accelerated or deferred, as compared to existing GAAP), there will be a change in the timing of margins, because the cost-side of the accounting is unchanged. This phenomenon exists in transactions in many industries, and the out of pocket cost reimbursement is one example of this broader impact of adopting the revenue standard. In Topic 606, the key drivers of this timing difference are (a) whether revenue is recognized over time or at a point in time and (b) the entity's selection of measure of progress for revenue recognized over time. Typically, under the guidance in Topic 606, revenue will be recognized over time for service contracts because either (a) the customer simultaneously receives and consumes the benefits or (b) the entity's performance does not create an asset with alternative use and the entity has right to payment for performance competed to date (paragraph 606-10-25-27).

19. Once an entity determines that revenue should be recognized over time, it is required to select a method for measuring progress toward satisfaction of their performance obligation. The guidance does not prescribe any particular method but, rather, provides the objective "to depict an entity's performance in transferring control of goods or services promised to a customer (that is, the satisfaction of an entity's performance obligation)." The revenue standard goes on to explain that input and output methods can be appropriate, as long as the objective is met. In cases in which an entity meets the criteria in the

guidance to recognize revenue over time using an output method, the following practical expedient is available, and in cases in which it is utilized, an entity would not need to select a specific output method for recognition:

> **606-10-55-18** As a practical expedient, if an entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date (for example, a service contract in which an entity bills a fixed amount for each hour of service provided), the entity may recognize revenue in the amount to which the entity has a right to invoice.

20. If an entity applies the "as invoiced" practical expedient described above, the timing of the cost being incurred and the billing to the customer would align if the entity has the right to immediately invoice the customer for out-of-pocket expenses incurred. That is because the expedient allows the entity to recognize revenue in the amount at which the entity has a right to invoice. Applying this practical expedient also would allow an entity not to estimate the reimbursement of out-of-pocket expenses as variable consideration, and the accounting result would be similar to the outcomes under the allocation of variable consideration guidance (paragraph 606-10-32-40) described earlier in this memo. For example, if an accounting firm determines that it can recognize revenue over time for performing a consulting service and the amount it may bill depends on the labor hours provided and the out-of-pocket expenses incurred, it could use the right to invoice under the practical expedient and recognize revenue for the reimbursement of out-of-pocket expenses as those costs are incurred.

21. If an entity applies an input method or, more specifically, if an entity selects a cost-to-cost method, the timing of the cost being incurred and the billing to the customer would also align. Under a cost-to-cost input method an entity recognizes revenue throughout the contract in proportion to the timing and magnitude of when costs are incurred.

22. As a very simple example of the cost-to-cost method, consider a one-year contract in which a customer estimates billing will be $100 and costs incurred over the contract term will be $80 (therefore, a 20 percent profit margin). As each $1 of cost is incurred by the entity, it would recognize $1.20 of revenue. Estimates would be updated each reporting period, and to the extent the margin changes (that is, because of a change in estimated billings or estimated costs), the entity would true-up the amounts and use the new margin amount going forward. In this example, revenue is recognized using a levelized margin over the contract period. That is, the 20 percent margin is applied to all costs to calculate revenue and an entity would not record some costs at a margin (or different margins) and other costs at zero margin.

23. The method described in the example above is essentially how construction entities currently account for contracts under Topic 605-35, Revenue Recognition, Construction-Type and Production-Type Contracts (formerly SOP 81-1). It is important to note that this model (both under existing GAAP and the new guidance) does not differentiate accounting for different types of costs. That is, the accounting isn't dependent on how the billings are structured to cover costs (that is, whether the contract is fixed price or cost plus a margin or cost reimbursement with no margin). During the April 2018 PCC meeting, one of

the PCC members discussed the adoption of the revenue standard by a client in the construction and engineering industry and that PCC member observed that there was little effect from the adoption of the revenue standard (as it relates to estimating cost reimbursements) for that client. The example in the paragraph above, as well as in comparison to prior accounting, explains why that is the case. In summary, in circumstances in which entities are applying a cost-to-cost measure of progress today (for example under guidance in Subtopic 605-35) and also select a cost-to-cost measure of input under the new guidance, there should not be a difference in how reimbursements billed to customers are accounted for.

Materiality

24. While materiality is not a topic explicitly addressed in Topic 606, the staff thinks that consideration of materiality on this issue is important, particularly because many outreach participants (as described in the outreach section below) noted that, in many cases, this issue has not resulted in material differences, as compared to existing GAAP, for their clients who have already adopted Topic 606.

25. At the April 2018 PCC meeting, several PCC members indicated that this issue would be material to private companies because the magnitude of reimbursements of out-of-pocket expenses in relation to the total contract price would be material. However, the staff thinks that materiality also could be evaluated by comparing the amount of revenue that would be recognized each period by applying Topic 606 (that is, recognizing the total expected reimbursements using the selected measure of progress) and the amount of revenue that would be recognized each period by recording revenue when the expenses are incurred. In situations in which the timing of the expenses is consistent with the measure of progress selected for the performance obligation (for example, the expenses are incurred proportionately as the service is performed), the difference between the amounts recognized as revenue under the two methods may not be material.

26. Consider the following example to illustrate this point. An entity is performing a one-year consulting service for $1,000,000. The entity has assigned five consultants to the project and those consultants will incur travel expenses (hotel and airfare) throughout the duration of the contract (assume the consultants travel to the client site each week and then travel home on weekends). The entity estimates the reimbursements will be $260,000 for the year ($1,000 per consultant per week). Assume that the entity is not able to apply any of the practical expedients in the revenue standard and therefore would be required to estimate the reimbursements as part of the transaction price.

27. In this example, the staff observes that the total reimbursements of $260,000 is clearly material in relation to the $1,000,000 contract price. However, because the expenses are incurred evenly over the contract term, there would not be a material effect on the timing of revenue recognition if the entity decided to apply an accounting convention or policy to record the reimbursements as the costs are incurred because the difference between that method and estimating the expenses and applying a measure of progress to them is not expected to be material.

28. Therefore, the pattern of when the costs are incurred will affect an entity's assessment of materiality and therefore whether they may be able to apply a simpler accounting convention. As illustrated above, when costs are incurred ratably over the contract period, the effect of the revenue standard is likely to not be material. Conversely, if the cost pattern is lumpy, such as when large amounts of costs are incurred upfront or at the back end of the contract, then the effect of the revenue standard is more likely to be material.

Summary

29. As described above in the Analysis of Topic 606 section of the memo, there is not explicit guidance on the accounting for reimbursements of out of pocket expenses, and so, accordingly, an entity would need to consider how the five-step model applies to the contract in totality to understand the accounting for the reimbursements. On the basis of the various aspects of the guidance described in this memo (and that were also cited by outreach participants), the following is a summary of areas under which an entity may <u>not</u> be required to have a change in estimating variable consideration related to reimbursements of out-of-pocket expenses:

    (a) The entity is an agent as it relates to the specified good or service

    (b) The variable consideration is constrained

    (c) The variable consideration relates specifically to a performance obligation or a distinct good or service in a series

    (d) The entity is able to apply the "as invoiced" practical expedient

    (e) The entity applies a cost-to-cost measure of progress under existing GAAP and will provide a similar measure of progress under Topic 606.

30. If none of the items above apply to an entity, then it likely would be required to estimate reimbursements as part of Step 3, Determining the Transaction Price. That is because, when none of the items above are met, the reimbursement of the expenses is no different from any other consideration that the entity collects as part of its transaction price. In other words, the accounting in this case should not be different depending on how the entity structured the contract.

31. As described in the materiality section of this memo, to the extent that costs are incurred in the same pattern as the performance obligation is satisfied (for example, ratably), there is not likely to be a financial reporting effect of this change. Additionally, as described earlier in the memo, if an entity needs to estimate the reimbursements, it may consider a portfolio of information in developing its estimates which is likely to be more operable than estimating reimbursements on a contract-by-contract basis.

32. In cases in which the revenue standard requires estimation, outreach participants stated that many companies are providing materiality analysis to their auditors to justify retaining their current practices. Therefore, the remaining population of contracts under which an entity would be required to estimate reimbursements appears to be narrow. The staff has struggled with defining those exact scenarios that

would require estimation (that is because most contracts discussed during outreach fall under the exclusions in paragraph 51) but, broadly, it appears that it would be when the performance obligation is satisfied at a point in time or when the measure of progress timing does not align with reimbursement timing. The following is the most common example the staff could think of that would fall under this requirement because it does not fall under any of the exclusions listed above. Consider the following facts.

Entity X performs a consulting service (assume a single performance obligation) for a fixed fee of $150,000 plus reimbursements of out of pocket expense for the use of a specialist. The specialist is expected to be engaged towards the end of the contract and the cost of the specialist is estimated to be $15,000.

Assume that the contract meets the criteria for over time recognition in paragraph 606-10-25-27.

In selecting a measure of progress, the entity determines that a labor-hours input method best matches its level of progress towards completing the contract. The entity expects that the job will take 600 hours to complete.

33. At the end of the reporting period, the entity has completed 300 hours of the work. As such, the revenue recognition for the reporting period would be calculated as follows:

The transaction price is $165,000 ($150,000 fixed fee plus $15,000 variable consideration).

The contract is 50% complete (300/600 labor hours)

Revenue is $82,500 ($165,000 transaction price × 50%)

34. In summary, on the basis of the staff’s outreach discussions and analysis of Topic 606 guidance, it appears that many public companies have been able to avoid the need to estimate out- of-pocket reimbursements using already existing guidance in the Update. In scenarios in which a company is required to estimate the reimbursement, the outreach shows that most companies retain current practice by asserting that the change is immaterial. For those companies for which the reimbursements are material, they have handled implementation by (a) developing estimates at a portfolio level, (b) implementing thresholds for the accounting (that is, only estimating reimbursements over a certain amount), or (c) implementing new tracking systems.

35. The staff thinks that the information described in this memo about the application of Topic 606 and how public companies have practically dealt with implementing the guidance could serve as education for private companies to leverage in their implementation of Topic 606. The staff plans to develop an education plan on this topic.