

Implementing the Pesticide Registration Improvement Act - Fiscal Year 2015

Twelfth Annual Report



March 1, 2016

Maintenance Fees

Reregistration and Expedited Processing Fund

Under FIFRA section 4(i)(5)(C), Maintenance Fees, EPA is authorized to collect an aggregate amount of \$27.8 million for each of fiscal years 2013 through 2017 to support certain activities. Maintenance fees are a yearly product registration renewal fee. Since the per product maintenance fee is a “fitted value” based on estimates of the number of products that will pay the fee each year, aggregate amounts collected may be less than or greater than the authorized \$27.8 million in any particular year. In FY’15, the agency collected **\$27.714** million. From this amount collected, **\$657,600** (supporting **4.8** work years) was spent to carry out new inert ingredient reviews under section 4(k)(3), and **\$2.781** million (supporting **20.3** work years) was spent to process fast track amendments and new products under FIFRA section 3(c)(3)(B).

The Pesticide Registration Improvement Extension Act of 2012, PRIA 3, created a new set-aside which allows the agency to set aside up to \$800 thousand annually for enhancements of information technology systems for improvements in review of pesticide applications. Included in these IT improvements over the course of the PRIA 3 statutory timeframe are: 1) enhancing the information systems capabilities to improve the tracking of pesticide registration decisions; 2) implementing a system for tracking conditional registrations; 3) enhancing the capability to review labels submitted with registration actions electronically; 4) enhancing the database for information regarding endangered species assessments for Registration Review; and 5) acquiring and implementing the capability to electronically assess and evaluate Confidential Statements of Formula submitted with registration actions.

The EPA has continued work on those IT projects prioritized in PRIA 3 in accordance with OPP’s strategic plan for IT development. During FY’15, efforts focused on the implementation of the Pesticide Submission Portal (PSP). The Portal allows registered users to submit applications to OPP electronically via the Internet. Previously, electronic submissions had to be submitted on physical media (CD/DVD). The Portal is now the gateway into OPP for electronic submissions and will provide a platform for future enhancements likely to include submission milestone status reporting as well as direct management of some registrant-related information such as company address updates and product name management.

During FY’15, the agency expended roughly \$322,500 on the portal development; however, while a critical component for IT infrastructure, the funds used to support this effort were not drawn from the IT set-aside since it is not specifically listed as a PRIA 3 improvement in the statute.

The agency's payroll obligations charged against the Reregistration and Expedited Processing Fund to offset the cost of the reregistration and registration review programs and other authorized pesticide programs were approximately **\$13.0** million (supporting **95** work years).

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The Fund has two types of receipts: fee collections and interest earned on investments. Interest earned in FY'15 totaled \$1424.74.

Appropriated funds are also used in addition to Reregistration and Expedited Processing Fund dollars. In FY'15, the Enacted Operating Plan included approximately **\$34.9** million in appropriated funds for reregistration and registration review program activities. These funds supported **307.1** work years.

The table below provides a summary of the expenditures over a five year period.

The EPA's FY'11 through FY'15 Expenditures from the FIFRA Reregistration and Registration Review Fund

Expenditures (in thousands) by Fiscal Year (FY)					
For	2011	2012	2013	2014	2015
Payroll	18,855.0	16,829.4	15,963.4	17,853.5	13,041.3
Contracts	1,837.4	2,068.0	549.6	3,429.3	4,508.4
IT Set-Aside	0.0	0.0	182.7	242.0	0.0
Other Expenses	1,561.8	1,434.8	358.0	2,365.7	2,646.3
Total	\$22,254.2	\$20,332.2	\$17,053.7	\$23,890.5	\$20,196.0

Impact of Maintenance Fees on Small Businesses

Section 33(k)(4)(B) requires the EPA to report on the number of small businesses (paying maintenance fees) that have 10 or fewer employees and annual average gross global revenues not exceeding \$2.0 million.

Companies with ≤ \$2.0 M in avg annual gross global revenues and ≤ 10 employees

# of companies	# of products per company	Average annual gross global revenues	Average # of employees
154	1	\$0.438 M	2.5
45	2	\$0.637 M	2.0
30	3	\$0.779 M	3.6
9	4	\$0.914 M	1.9
7	5	\$0.647 M	3.4

Section 4(i)(1)(F) provides for a 25% reduction in the maintenance fee for the first product of any small business with:

- (a) ≤ 500 employees,

- (b) \leq \$10.0 M in average annual gross global revenues, and
- (c) \leq 5 registered products.

In FY'15 the EPA granted this 25% reduction in maintenance fees on the first product for:

- 250 small businesses with 1 registered product,
- 74 small businesses with 2 registered products,
- 43 small businesses with 3 registered products,
- 21 small businesses with 4 registered products,
- 9 small businesses with 5 registered products.

All of the small businesses that submitted data indicating not more than 10 employees and not more than \$2.0 million in average gross global revenues received the 25% fee reduction on their first product. Some small businesses that submitted data indicating more than 10 employees (but fewer than 500) and more than \$2.0 million in revenues (but less than \$10.0 million) also received the 25% fee reduction. The total amount of maintenance fees foregone in FY'15 by the granting of this 25% reduction on the first product's fee is \$335,068.