

Implementing the Pesticide Registration Improvement Act - Fiscal Year 2014

Eleventh Annual Report



March 1, 2015

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. If that is the case, then in the subsequent year, fees are adjusted to offset the deficit or overage. The goal is to collect over the five-year PRIA 3 timeframe an average of \$27.8 per year. In FY’14, the agency collected **\$28.656** million to offset the deficit in FY’13 (\$27.015 million). From this amount collected, **\$739,500** (supporting **5.1** work years) was spent to carry out new inert ingredient reviews under section 4(k)(3), and **\$2.566** million (supporting **17.7** 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 and in accordance with OPP’s strategic plan. During FY’14, efforts focused on enhancing the registration milestone tracking system, continued development of e-CSF, purchase of additional CompareDocs licences for the electronic review of labels and further work on the Endangered Species Database.

During FY’14, the agency expended roughly \$242,000 from the IT set-aside.

The Agency's 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 **\$17.9** million (supporting **125** work years). The Fund has two types of receipts: fee collections and interest earned on investments. Of the **\$17.9** million in FY’14 receipts, more than 99.98% were fee collections. Interest earned in FY’14 totaled \$1,780.

Appropriated funds are also used in addition to Reregistration and Expedited Processing Fund dollars. In FY’14, the Enacted Operating Plan included approximately **\$28.6** million in appropriated funds for reregistration and registration review program activities. These funds supported **158.8** work years and **\$1.422** million in contract support, which included data reviews, systems maintenance and enhancements, and other expenses.

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

The EPA's FY'09 through FY'13 Expenditures from the FIFRA Reregistration and Registration Review Fund

Expenditures (in thousands) by Fiscal Year (FY)						
For	2009	2010	2011	2012	2013	2014
Payroll	20,313.7	19,822.0	18,855.0	16,829.4	15,963.4	\$17,853.5
Contracts	3,789.5	3,303.8	1,837.4	2,068.0	549.6	\$3,429.3
IT Set-Aside	0.0	0.0	0.0	0.0	182.7	\$242.0
Other Expenses	1,521.2	2,097.8	1,561.8	1,434.8	358.0	\$2,365.7
Total	\$25,624.4	\$25,223.6	\$22,254.2	\$20,332.2	\$17,053.7	\$23,890.5

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
163	1	\$0.491 M	2.8
45	2	\$0.665 M	3.0
30	3	\$0.698 M	3.3
10	4	\$0.784 M	2.6
7	5	\$0.764 M	2.8

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

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In FY' 14 the EPA granted this 25% reduction in maintenance fees on the first product for:

- 239 small businesses with 1 registered product,
- 71 small businesses with 2 registered products,
- 47 small businesses with 3 registered products,
- 24 small businesses with 4 registered products,
- 11 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' 14 by the granting of this 25% reduction on the first product's fee is \$350,448.