



CTAG

Certification & Training Assessment Group — National Partnerships for Safe & Effective Pesticide Management through Education, Training & Competency Assessment

PSEP Federal Funding Process: FY08 and FY09 Examples

Fact Sheet – December 2009

The Environmental Protection Agency (EPA) provides annual funding to the Cooperative Extension Service (CES) in support of pesticide applicator training efforts nationwide. Every year EPA initiates an Interagency Agreement (IAG) with the National Institute of Food and Agriculture (NIFA), formerly the Cooperative State Research, Education and Extension Service (CSREES), of the United States Department of Agriculture (USDA) where the Pesticide Safety Education Program (PSEP) is headquartered. PSEP is the official title given for the training and education of individuals desiring to become certified or recertified pesticide applicators. The purpose of the IAG is to transfer funds (pass-thru) from EPA to USDA to each local PSEP (states and territories). The IAG and pass-thru are necessary to: 1) minimize indirect costs imposed by state universities if the funds were to be given by EPA directly to each PSEP, 2) maximize the impact of each dollar allocated, and 3) ensure that each PSEP has base funding to carry out the training and education of pesticide applicators in their state.

Being that there is a delay from the time the annual funds are first available to EPA to when actual allocation to PSEPs occurs, the purpose of this fact sheet is to provide an overview on how these funds are allocated, and a better understanding of the timeline for spending these funds.

Source of Funds

The pass-thru funds that EPA makes available to each PSEP may vary from year to year depending on federal budget constraints. Since 1975 when EPA first began providing pass-thru funds, the annual

amount varied from \$5 million to under \$1 million. It leveled off to around \$1.8 million since the mid 90s, but in recent years the amount has been fairly consistent at about \$1.2 million.

To help understand this process, keep in mind that a federal fiscal year doesn't follow a typical calendar year but, rather, crosses over two calendar years. For example, the federal fiscal year of 2008 began October 1, 2007 and ended September 30, 2008. Continuing with this example, this particular year is called FY08 even though it began in October of 2007.

Starting in FY08, there are two sources feeding into the pass-thru funds: 1) the traditional EPA funds, and 2) the Pesticide Registration Improvement Act (PRIA) funds. Funded by pesticide registrants, PRIA was enacted in 2003 and its goal is to provide a more predictable and effective pesticide registration timeline. PRIA must be reauthorized every 5 years, and the renewal of PRIA in October 2007 (called PRIA II) allocated \$0.5 million annually to PSEP for the next 5 fiscal years (FY08 – FY12). Thus, the PRIA II funds and EPA's traditional funds are both passed-thru USDA to local PSEPs for an approximate annual total of \$1.7 million. Like EPA's funds, there is no guarantee that the next renewal of PRIA will continue funding for PSEP.

Funding Formula

EPA uses a formula to determine the allocation amount for each of the 56 PSEPs. When first implemented, the formula was devised before there was an understanding of the workload associated with various aspects of the pesticide applicator training

and certification program. Based on 30 years of data, however, the formula was revised effective for FY08 and relies, in part, on the number of applicators trained in each PSEP. This revision more accurately reflects each PSEP's workload in carrying out their respective program's operation and implementation. After EPA verifies the numbers submitted from each PSEP, the numbers are plugged into the formula to calculate each PSEP's share of funding for the current fiscal year.

HOW THE FORMULA WORKS. A base amount of \$15,000 is set aside for each PSEP regardless of the size of the local program. Doing so ensures a stable funding base to run a program. Thus, for instance, if the pass-thru amount is \$1.7 million, and there are 56 PSEPs, that leaves \$860,000 remaining to be allocated by the formula:

$$\$1,700,000 - \$840,000 = \$860,000$$

The formula is weighted 60% for commercial applicators and 40% for private applicators. Again, these percentages are supported from data showing that PSEPs experience a greater burden maintaining certification of commercial applicators than they do for private applicators. Therefore, the remaining funding amount is broken down by the respective percentages:

$$\begin{aligned} \$860,000 \times .60 &= \$516,000 \text{ for commercials} \\ \$860,000 \times .40 &= \$344,000 \text{ for privates} \end{aligned}$$

Using the total number of certified commercial applicators and private applicators for all 56 PSEPs combined, and the respective total for each PSEP, EPA determines the % of the national total each PSEP serves for each applicator group. For example:

All PSEPs commercials: 398,890
All PSEPs privates: 537,771

PSEP A commercials: 5,923 = 1.4849%
PSEP A privates: 7,102 = 1.3206%

Finally, a PSEP's allocation is determined by the following:

$$\$15,000 + (\$516,000 \times 1.4849\%) + (\$344,000 \times 1.3206\%) = \$27,205$$

Fund Transfer

Note: the process described below is valid through FY09's fund allocation. USDA is proposing changes for FY10 that will affect how PSEPs complete the application.

Once EPA's budget is finalized and the allocation amount for each PSEP is determined, EPA transfers the funds to USDA. USDA sends the funds to the Department of Health and Human Services (DHHS) Division of Payment Management. DHHS provides centralized grants payment and cash management services to all federal agencies utilizing the Payment Management System (PMS). It also is the managing partner for Grants.gov.

Grant Application Package

The Federal Funding Accountability and Transparency Act of 2006 requires all federal agencies to report to a publicly-accessible website on all federal assistance awards. Therefore, beginning in FY08, USDA began using an electronic grant application for PSEP funds through Grants.gov. Thus, after the funds from EPA are transferred, USDA posts the Formula Grant Opportunity (as the PSEP funds are called) announcement on Grants.gov. USDA then emails a letter to each PSEP's budget office informing them of their share of available funds, instructions on where to download the grant application package, and the application deadline.

COMPLETING THE GRANT APPLICATION. The specific details of completing the grant application is beyond the scope of this fact sheet. As mentioned above, your budget office, and not you, is the contact for completing the application. The Grants.gov website contains many resource documents and FAQs to help your budget office with this effort. The package consists of a variety of forms, including SF-424, Key Contacts, Budget Information, and Budget Narrative. The budget requires a 100% match of the allocated amount from the PSEP institution. Some of the required identifying numbers, such as the Catalog of Federal Domestic

Assistance (CFDA) and Funding Opportunity Number, are found on the website by searching for the grant. Others, like your organization's Employer Identification Number (EIN) and Data Universal Numbering System (DUNS), must be acquired locally.

SUBMITTING THE GRANT APPLICATION. Your budget office creates a login account on Grants.gov to submit the application. Grants.gov validates the submitted application for technical errors, and assigns a tracking number. Once the application package has passed validation, it is forwarded to USDA for award determination. USDA assigns two agency-specific numbers for use on their internal system. The first number is the proposal number used for tracking purposes until the award is made. After the award is approved, USDA assigns an award number.

The Award Number

USDA assigns a Financial Data Code (FDC) for every pot of money they handle. Being that PRIA funds are a separate funding stream from the traditional EPA funds, the PSEP pass-thru funds are assigned a separate FDC code for each funding source. The FDC number becomes part of the award number which has the format of XXXX-YYYYY-ZZZZZ. The first set of digits is the year, and the second set is the FDC. Essentially, all PSEP awards from the same FDC source would have the same first nine digits. Thus, the last set of five digits is unique to each individual PSEP award. There is no commonality between the proposal number and the award number other than the first four digits denoting the year.

Reporting Expenditures

After USDA approves an award, universities can begin drawing down the funds electronically by going online to DHHS-PMS and making a 'request for payment' based on actual expenditures. Because PSEP funds have two funding sources and two award numbers, expenses for each respective award number must be submitted separately. After DHHS-PMS receives a payment request, it transmits

payment to either the Federal Reserve Bank or the US Treasury for deposit into the grantee's bank account. Once received, universities may combine both sources of funds into one account at the local level. Each quarter, your budget office must complete an online cash transaction report (SF-272) at DHHS-PMS. When the federal fiscal year is over, they also must submit an annual financial status report (SF-269) to USDA by April 1. A separate SF-269 report is required for each funding source.

Timeline

A given FY's funds actually covers two federal fiscal years. However, because EPA must wait until their final budget for a given fiscal year is approved, they can't transfer the funds to USDA until late in the first FY (i.e., around July/August). And because USDA needs time to ready the funds for distribution, the funds are not generally available to PSEPs until well into the second FY. Thus, for example, by the time PSEPs received the FY08 funds, they only have 9 months or less to spend those funds (see Figure). The amount of unspent dollars after the deadline for expenditures has past will be deducted from the following year's allocation, returned to the Treasury, and no longer available to PSEPs.

Sometimes an extension for spending funds may be granted by EPA to all PSEPs, but one should not depend on this as a routine occurrence. Such an exception occurred with the FY08 funds, making them available for spending until September 30, 2010.

PSEP Accomplishment Report

USDA notifies PSEPs when their annual accomplishment report is due showing how the funds were used in carrying out their activities. The report is completed online through the Performance Planning and Reporting System (PPRS) website. This system provides information on each PSEP's program as a whole, helping stakeholders understand the scope and impact of PSEPs nationwide.

Information and Contacts

EPA Certification & Training
<http://www.epa.gov/pesticides/safety/applicators/applicators.htm>

Grants.gov
<http://grants.gov>

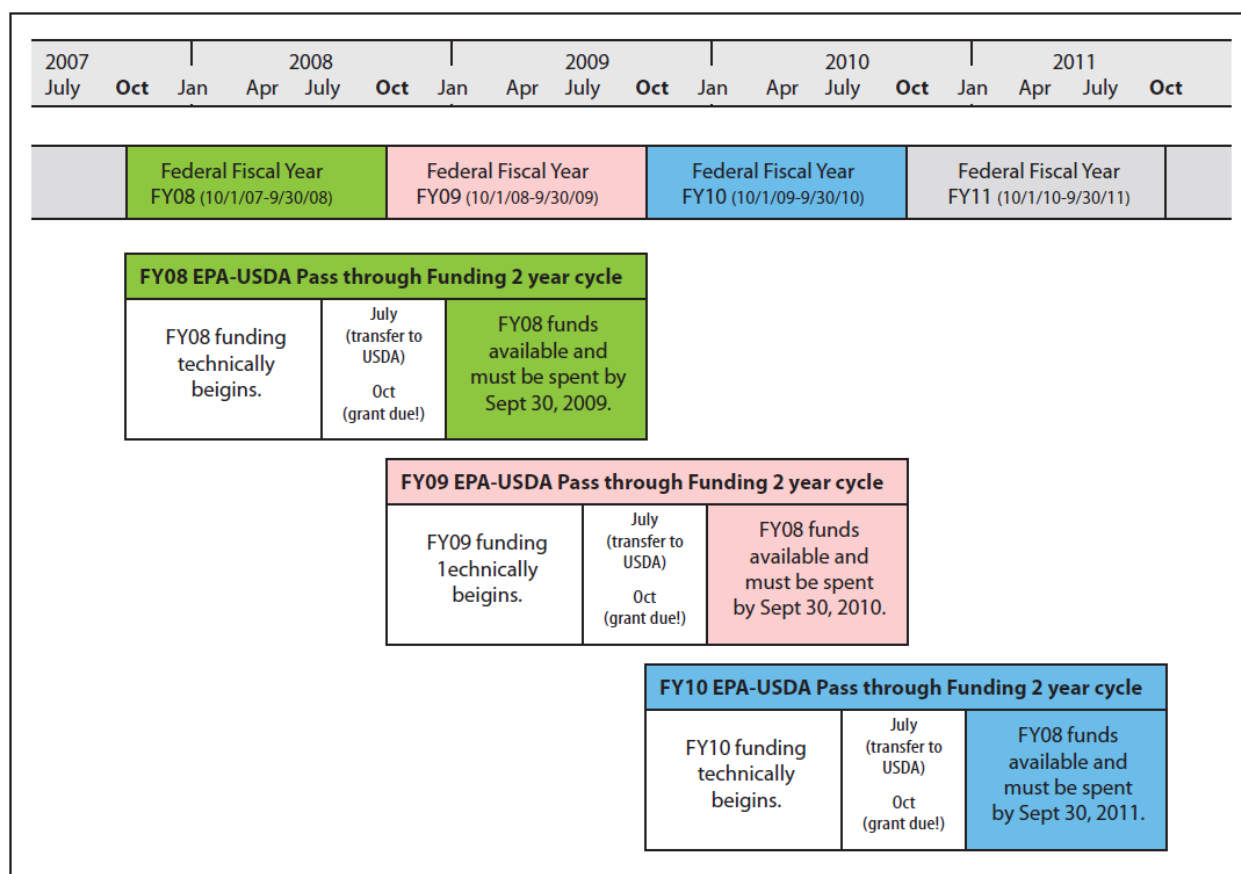
USDA PSEP
http://www.csrees.usda.gov/nea/pest/in_focus/pesticides_if_psep.html

DHHS, Division of Payment Management
<http://www.dpm.psc.gov/>

Your local university's budget office.

USDA PPRS
<http://www.pprs.info/>

Figure: Timeline showing the typical 2-year lifecycle of EPA-USDA pass-through funds from start of cycle to date when funds must be spent.



Authors: Roger Flashinski, Pesticide Applicator Training Program, University of Wisconsin-Extension. Graphic by Roger Schmidt, Integrated Pest Management Program, University of Wisconsin.