



Taking care of business

We develop efficient and effective new solutions to fiscal challenges.

Doing our business better

The past few years have been a fiscal challenge for California government, and DPR was no exception. An unprecedented budget shortfall meant the loss of more than a quarter of DPR's workforce (from about 460 to 350 employees). Several programs were severely impacted, most notably the Alliance and Grants programs (which were suspended) and surface water and air monitoring programs (which were substantially curtailed). DPR's priority was to preserve enforcement capabilities and programs that protect workers.

Budgetary restrictions provided additional impetus to ongoing efforts to become more efficient and effective. The pesticide registration process is one of DPR's major business functions and we have focused intensive effort on it. Our goal is to maximize the use of resources, coordinating closely with similar work done at the national level by U.S. EPA. We want to leverage our expertise on areas important to California farmers and consumers while protecting public health and safety.

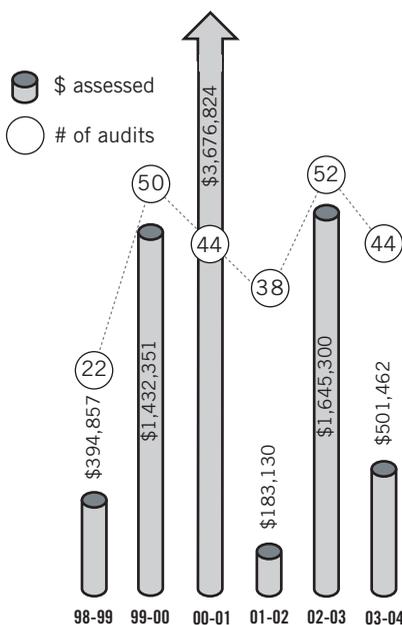
To that end, DPR embarked on a "Registration Reform Initiative" in 2003, getting input from stakeholders on areas they

think need improvement. An early outcome was a series of successful workshops about the registration process, in part designed to reduce delays caused by erroneous or incomplete applications. The next workshop, in 2005, will focus on how U.S. EPA and DPR can improve the process for Section 18s (selective exemptions from registration for pest emergencies) and Section 24(c)s, (registrations to address special local needs).

At the request of pesticide registrants, DPR in 2004 began accepting data evaluation reports (DERs) generated by U.S. EPA as part of the federal registration process. With DERs in hand, we will only review the underlying data on an as-needed basis. DER submittal can reduce evaluation time by DPR. However, U.S. EPA produces these formal reviews for only a portion of the products it registers.

In 2004, DPR also changed outdated policies and no longer requires submission of residue data with applications for registration (although we can still request it on an as-needed basis). To improve the tolerance-setting process, DPR is also working with U.S. EPA, Health Canada and the European Union to develop a standardized statistical method for establishing tolerances using residue data.

COLLECTING MILL FEES



Mill assessments – fees on pesticide sales – support DPR regulatory programs. Our Mill Assessment Branch checks to see that products are legally registered and mill fees are paid. Audits and assessments have trended upward in recent years. In addition, auditors and other inspectors found 326 unregistered products in 2002/03, and 463 in 2003/04, an increase largely attributable to the creation of the highly focused Mill Assessment Branch. The new branch brought together functions that had been spread throughout the Department.

In 2005, DPR plans to amend regulations to no longer routinely require efficacy data for every pesticide product. We would retain authority to do so, and we would continue to review efficacy data before registering products containing a new active ingredient, or before approving additional uses of a product against significant new pests. Staff that now conducts efficacy reviews will be able to take on other duties.

In late 2004, DPR started an email notification system that sends email to a registrant when a transaction is generated on a registration application, giving registrants better and timelier information. It will also reduce the time DPR staff now spends answering status queries from registrants, freeing staff for other duties.

One key to making the best use of our resources is the collaborative relationship we have with our counterparts at U.S. EPA. Together, we are working on assessing the risk of exposure to six fumigant pesticides and developing measures to reduce that risk.

We are also working closely on sharing the workload involved in registering pesticide products. This “worksharing” involves exchanging information and data reviews, each agency emphasizing its areas of focus and expertise. The biggest project involves development of tolerances for specialty crops – the fruit, nut and vegetable commodities for which California is known. DPR scientists conduct

residue chemistry reviews for selected crops, helping U.S. EPA set tolerances and reducing the timeframe for federal registration, which in turn speeds a pesticide to the California market. In the 2002-03 federal fiscal year, DPR’s workshare on residue review accounted for 16 percent of all new pesticide uses U.S. EPA completed, and 45 percent of the specialty crop uses. We are also doing dietary risk evaluations for U.S. EPA as well.

Fee restructuring and fiscal accountability

Like other integrated regulatory programs, most of DPR’s functions cut across Department branch lines. This can make it difficult to assign programmatic costs to functional activities. In 2004, DPR entered a new era of organizational accountability with the inauguration of a revamped activity-based accounting system to track costs of DPR’s 11 major business functions. In the future, we will link these costs with our operational plans and performance measures. The information generated will allow DPR to refine its budget and fee structure to accurately recover costs associated with its activities.

This is especially important with the Legislature’s decision that, beginning in the 2004-05 fiscal year, DPR would be funded entirely by regulatory fees. (DPR funding had been a combination

of regulatory fees and the General Fund.) DPR’s largest revenue source is the mill assessment, a fee levied on pesticide sales, imposed at the point of first sale into California. In 2004, it was at the statutory maximum of 2.1 percent. To fully recover the costs of its registration and licensing programs, DPR increased these fees in January 2004. We held two workshops in spring 2004 to get input on how to set these fees in the future. We heard that when we adjust fees to accommodate the changing cost of the registration and licensing programs, we should give ample notice and make adjustments no more often than every three years.

DPR also consolidated mill assessment activities that had been spread among several branches into a new Mill Assessment Branch. The branch is responsible for mill assessment collection and disbursement, auditing pesticide sales records to ensure the appropriate mill fee is paid, and managing product compliance activities, including inspections, to ensure pesticide products are registered and product labeling conforms with applicable laws and regulations. In 2004, DPR launched an effort to track unregistered products and uncollected mill fees from sales of home-and-garden and other consumer products at chain stores, home centers, warehouse clubs, and similar “big box” retail outlets.

