

PSEP Business Planning and Budgeting - Overview

*National Stakeholder Team for Pesticide Safety Education Program Funding
University Workgroup*

October 21, 2013

Dean Herzfeld, University of Minnesota; **Carol Black**, Washington State University and **Andrew Thostenson**, North Dakota State University

Rationale: *This document was prepared to assist PSEPs in developing a business plan, if they do not currently have one. The actual funding needs and opportunities will vary depending on the state but, in all cases, PSEPS should strive to develop a business plan that achieves:*

- 1) easily accessible, high quality PSE available to a broad audience at a reasonable cost*
- 2) a significantly better value than competitive options in both the private and public sector*
- 3) collaboration and sharing with other PSEPs to prevent duplication of effort and to reduce costs*
- 4) an emphasis on PSE without dilution by other activities*
- 5) cost minimization wherever feasible (e.g. equipment sharing, distance education, on-line resources)*
- 6) a committed team of stakeholders able to provide diverse types of support and facilitation to create program stability and growth*
- 7) a predictable level of annual base funding and operation within budget*

Pesticide Safety Education Programs (PSEPs) are entities that operate as *not-for-profit businesses* that provide goods and services to certified applicator clientele and others in the public. A *business plan* functions as both an accountability tool designed for external funders and stakeholders, but also as an internal road map for current and future program decision-making to ensure the PSEP meets the triple bottom line of non-for-profit businesses:

Is it within the organization's mission?

Is it sustainable: organizationally, for staffing and financially?

Does it provide the desired public good outcomes and impacts?

The time invested in creating a business plan and keeping it up to date can pay off down the road in saving time, better financial decisions, and stronger accountability. Parts of a business plan can easily be repurposed for use when applying for a grant-, developing a new program offering, and/or creating reports for administration and stakeholders. The best business plans are brief and clear so they are easy to follow for those unfamiliar with PSEP work.

Most PSEP have various individual educational enterprises (a portfolio of educational offerings, products and services). These educational enterprises vary from state to state and may include, but are not limited to:

- Certification and recertification workshops
- Online education
- In-service training and professional development to extension faculty and others
- Study manuals and other educational resources
- Web-based information for certified applicators and other applicators in the public
- Invited speaker to events hosted by others
- Grants, contracts and other externally funded projects

A business plan can provide detailed information assigned to each educational enterprise and for the PSEP as a whole on sources and allocation of revenues generated, non-revenue operational support, and the expenses incurred. Taken together the enterprises should provide synergy, as well as provide *internal subsidies* from profitable enterprises to support those enterprises that do not recover their costs. More important, a business plan is the best way to make decisions to determine the most efficient and effective ways to mix and match PSEP enterprises to maximize the use of revenue, staffing and resources to achieve the triple bottom line. One helpful tool to do this is the MacMillain Matrix (See *Sustaining Programs PPT* under *Supporting Resources*: <http://psep-imi-proposal.psep.us> or as a resource document at <http://psep.us>).

In order for each educational enterprise to function, there is a basic infrastructure that must be in place to cover the time, tasks, and expenses needed for the enterprise's budgeting, marketing, planning, personnel, publishing, travel, professional services, goods, evaluation and other needs. Each enterprise incurs *direct* out of pocket costs, such as catering for a workshop, printing of a study manual or travel expenses for speakers at an event. All PSEP enterprises also incur *indirect* expenses: costs that are incurred by the PSEP program, extension service or the university that are not associated with any one enterprise, but are necessary to run the PSEP operations and support infrastructure. Indirect expenses include equipment such as telephone and computers; salary/benefits of PSEP faculty and staff; support operations such as accounting, information technology and human resources; office costs (furniture, maintenance, heating, electricity, etc.) and many other expenses. A business plan must take into account both direct and indirect expenses.

PSEP revenue sources vary widely from state to state. One way to classify revenues is the following:

External Funding: Targeted Funding

- **Grants** for specific work of value to both funder and the public, which may require cost sharing (or match) and may also require the university to charge a percent of the total grant for university incurred indirect expenses to carry out the grant – called [Facilities and Administrative Costs](#) by the federal Office of Management and Budgets for government grants.

- **Cooperative agreements** are formal arrangements between PSEP and another entity, such as a State Lead Agency (SLA) or federal agency, for division of labor and financial arrangements to accomplish common goals
- **Gifts** are donations of money or materials to PSEP from a donor. Gifts can be *restrictive* providing mandates on how the gift is to be used or *unrestrictive* where there are no mandates on the use of the funds or materials.
- **In-kind** support from SLA's, industry (as in uncompensated speakers, etc.), and other external entities that reduce expenses incurred by a state PSEP.
- **Potential future funding sources like:**
 - State pesticide registration fees assessed on a fixed schedule, for the new or continued registration of pesticides. A portion or percentage of these fees may be designated to PSEP.
 - State settlement agreement funds as a result of pesticide violations may be designated, in part or whole, to PSEP.
 - State line items and/or direct funding from state general funds

External Funding: Earned Income

- **Contracts for services** where the outcomes primarily benefit the funder ((developing and/or delivering educational programs, events, or training resources for use by associations, commodity groups, trade organizations, and private firms.)
- **Sales** including PSEP sale of manuals, on-line programs and other products.
- **Fees for other specialized services** such as consulting, Worker Protection Standard training, train-the-trainer, sprayer tune-up and pattern testing clinics, pesticide safety auditing.

Internal Funding

Universities provide state and base USDA funding.. In some states these funds are used to directly support PSEPs in various ways. One of the most common is funding all or part of the salary and benefits of PSEP coordinator, PSEP staff, and extension campus and field faculty who work with PSEP. Universities/extension also provide in-kind support (i.e. indirect costs) through various necessary support systems such as accounting services, handling grants, informational technology, educational design and development, resource sales/distribution, human resources, purchasing and others.

A well-researched business plan for an entire state PESP and all its enterprises can be a significant undertaking. Before you start, consider the partners that can be contacted/contracted to assist with developing these plans. They may include university economists and advisory groups.

A good way to learn about business plans and their value is to develop a business plan for one PSEP enterprise. On page four is an overall [business plan](#) outline. On page five, is an outline for a [single enterprise](#) (very similar to a business plan). On page six, there is an outline for [budgeting](#) for both of these plans.

Outline for Program Business Plans – *The Goal Line*

<ul style="list-style-type: none">• Executive Summary<ul style="list-style-type: none">▪ For those who only read this – what do you want them to know about the value of PSEP?• Program Description<ul style="list-style-type: none">▪ Overview & History▪ Needs Basis, including unmet needs by competitors▪ Why PSEP is well positioned to do this work• Expected Results<ul style="list-style-type: none">▪ Educational objectives▪ Public/Private Value Statement connected to educational objectives• Marketing Plan<ul style="list-style-type: none">▪ Target Audiences▪ Market Demand▪ Competitive Position▪ Pricing▪ Promotion	<ul style="list-style-type: none">• Development Plan<ul style="list-style-type: none">▪ Curriculum Development▪ Delivery Approach▪ Deliverables▪ Implementation Schedule• Personnel Management Plan<ul style="list-style-type: none">▪ Team Members▪ Team Leaders▪ Partners• Evaluation Plan<ul style="list-style-type: none">▪ Results Measurement▪ Evaluation Schedule▪ Evaluation Use• Financial Plan<ul style="list-style-type: none">• Budget• Budget Narrative• Source of Funds• Revenue Projection• Financial Sustainability
--	---

Single Enterprise Outline– *The Starting Line*

Take one enterprise (workshop series, online training, in-service training, study manuals/resources) and characterize its business structure. Develop the documentation as if it was the only enterprise you have. However, recognize that in order to undertake this enterprise, basic infrastructure is needed.

<ol style="list-style-type: none"> 1. Executive summary <ol style="list-style-type: none"> a. elevator pitch b. business structure and objective 2. Program description <ol style="list-style-type: none"> a. Introduction b. background/history of why needed 3. Expected results <ol style="list-style-type: none"> a. Educational objectives b. Value for learner and public and private value resulting from achieving educational objectives 4. Marketing <ol style="list-style-type: none"> a. Unique selling position b. Intended audience c. Market size d. Marketing and promotion e. Sales/pricing plan 5. Development/operating plan <ol style="list-style-type: none"> a. Curricula b. Scheduling c. Facilities, meals 	<ol style="list-style-type: none"> d. Products and services e. Deliverables 6. Personnel Management <ol style="list-style-type: none"> a. Team leader, members b. Partners c. Service professionals 7. Evaluation Plan <ol style="list-style-type: none"> a. Inputs and design (formative evaluation for program development) b. Outputs, outcomes and accountability (summative evaluation) c. Feedback loop d. Schedule 8. Financial Plan <ol style="list-style-type: none"> a. Budget and short narrative b. Expenses c. Sources and uses of funds d. Revenue projection e. Financial sustainability
--	---

As you develop a plan for each enterprise, they can be merged together with a fully-accountable business plan that includes overall infrastructure needs.

Budgeting for your Business or Enterprise Plan

Regarding the budget, make sure you consider all the costs involved, especially your own and your staff's time. The revenue and expenses should be organized in way that makes it clear what type of expenses (direct and indirect) and what types of revenues (various external and internal revenue sources) are involved. Those items, such as in-kind, with no dollar values should be explained in a budget narrative.

<ul style="list-style-type: none"> ▪ Salary and Wages <ul style="list-style-type: none"> ○ Coordinator salary ○ Staff salaries ○ Hourly wages ○ Benefits on salaries/wages ▪ Goods <ul style="list-style-type: none"> ○ Computer equipment & software ○ Meeting room rental, meals/food ○ Office supplies ○ Printing/duplicating ○ Uniforms and apparel ○ Books, pamphlets, charts ○ Small equipment & tools ▪ Services <ul style="list-style-type: none"> ○ Advertising & promotion ○ Bank and credit card charges ○ Building maintenance 	<ul style="list-style-type: none"> ○ Conf. registration/prof. dev. ○ Freight and express delivery ○ Licenses & registration ○ Membership dues ○ Internet fees ○ Phone and tolls ○ Postage/labeling ○ Professional services ○ Speaker honoraria ▪ Travel <ul style="list-style-type: none"> ○ Vehicle - gasoline/oil/parts ○ Vehicle - insurance ○ Airfare ○ Lodging and subsistence ○ Private auto mileage ○ Rental car ▪ University fees/surcharges
--	--