

NOTE: Identical letters were sent to all Tribal and State officials that administer the Food Distribution Program on Indian Reservations

October 31, 2007

Wendsler Nosie, Sr., Chairman
San Carlos Tribal Council
P.O. Box 0
San Carlos, Arizona 85550

Dear Chairman Nosie:

I am writing to notify you of my decision regarding the allocation of Food Distribution Programs on Indian Reservations (FDPIR) administrative grants to Indian Tribal Organizations (ITO) and State agencies for fiscal year (FY) 2008. My decision is based on recommendations made by the FDPIR Funding Work Group and direction from Congress to resolve funding inequities in FDPIR.

On October 19, 2007, the FDPIR Funding Work Group provided me with three proposals for a new funding allocation methodology. A copy of the work group's letter was mailed to Tribal and State officials on October 23, 2007, and is enclosed for your convenience. It is also available at the FDPIR Funding Work Group website at: www.fns.usda.gov/fdd/programs/fdpir/FundingWkGrp. I have also enclosed some background information on the work group.

After careful deliberation of all the relevant issues and factors, I believe that the work group's Proposal #2 most closely resembles a fair, equitable, and easy to understand methodology that will best serve FDPIR. The Food and Nutrition Service (FNS) will allocate FDPIR administrative funds in FY 2008 based on a variation of this proposal. The FNS National Office will determine the level of funding that each FNS Regional Office will receive in FY 2008 by allocating 65 percent of the available funding based on each region's share of national participation (averaged over the most recent three-year period) and 35 percent based on each region's share of the national number of FDPIR programs. Similar to current practice, each ITO and State agency will negotiate with its FNS Regional Office on the approval of its annual budget submission within the limits of the funding provided to the respective regions.

In making my decision, I looked for common factors in the work group's proposals and the comments submitted by Tribal and State officials on the work group's November 2006 preliminary proposal. Two of the work group's three proposals explicitly include participation as a factor in funds allocation. Many Tribal leaders also supported the allocation of funds on this basis in their comments. I believe that participation is a major cost driver in FDPIR, and it is one of the few readily available, objective data elements that can be used as a basis for funds allocation.

Two of the work group's proposals also recognized the need to provide each ITO and State agency with a base amount of funds for basic operations, regardless of participation levels. However, the work group was unable to establish a defensible, objective estimate of the amount of funds needed for basic operations or a recommended cost per participant for small, medium or large programs. On the other hand, allocating funding based on the number of programs in each region acknowledges that a region with a large number of programs will need more funds than a region with a small number of programs to provide funding to ITOs and State agencies for basic operational costs.

I did not accept the factor in Proposal #2 that would allocate funds based on the number of programs that have tailgate operations, home deliveries, and/or multiple warehouses or stores. These operations are important program components and contribute significantly to the cost of administering a program. However, this factor, as proposed by the work group, does not differentiate among the degree of service provided. Also, it is not expected to significantly impact regional allocations since 90 percent of FDPIR programs have some degree of tailgate operations, home delivery, and/or multiple warehouses/stores. I believe my approach to disregard this factor and increase the weights assigned to the other two factors of Proposal #2 offers a proper balance. It provides each Regional Office with funding to support the operational costs of all of its programs and funding to support the number of participants served by each ITO and State agency.

While Congress has not completed action on the FY 2008 appropriation, there is a clear expectation that FNS must take action in FY 2008 to remedy funding inequities in FDPIR. Both House Report 110-258, which accompanies the House Appropriation Bill, H.R. 3161, and the Senate Committee Report 110-134, which accompanies the Senate Appropriation Bill, S. 1859, reflect significant increases in administrative funding for FDPIR to be used in part "to address current inequities among tribes in the allocation of funds..." To ensure that these inequities are addressed expeditiously, I am instructing my staff to implement the above methodology on a pilot basis as soon as Congress takes final action on the FY 2008 appropriation.

Given the House and Senate proposals for increased funding for FY 2008, we anticipate that each Regional Office will receive an increase in funds in FY 2008 under this methodology, and I have instructed the Regional Offices to ensure that no FDPIR program receives less funding in FY 2008 than in FY 2007. Attached is a chart that compares anticipated FY 2008 regional allocation amounts to actual FY 2007 regional allocation amounts. Because FY 2008 allocations to individual FDPIR programs will be dependent on negotiations with the respective Regional Offices, we cannot provide estimates of how much additional funding each individual program will receive in FY 2008. Again, Congressional action on the FY 2008 appropriations has not been completed; therefore, the allocations shown for FY 2008 are simply projections.

I would like to emphasize my intent to implement the above methodology on a pilot basis. I am very interested in hearing from you on my decision, and its impact on your

program when you receive notification of your final allocation amount from your FNS Regional Office.

Please provide your comments by any of the below methods. To assist my staff in ensuring that all comments are logged and considered, please identify your comments by the following subject line, "FDPIR FY 2008 Funding Comments."

E-mail: Send comments to FDPIRComments@fns.usda.gov.

Fax: Submit comments by facsimile transmission to Lillie F. Ragan, Assistant Branch Chief, Policy Branch, at (703) 305-1410.

Mail: Submit comments, including those placed on disk or CD-ROM, to Lillie F. Ragan, Assistant Branch Chief, Policy Branch, Food Distribution Division, Food and Nutrition Service, U.S. Department of Agriculture, Room 506, 3101 Park Center Drive, Alexandria, Virginia 22302-1594.

Hand Delivery or Courier: Deliver comments to the above address.

The comments, including names, addresses, and other contact information of commenters, will be available for public review at the above address during regular business hours (8:30 A.M. to 5:00 P.M.), Mondays through Fridays, except Federal holidays. Comments will also be posted online at the FDPIR Funding Work Group website (www.fns.usda.gov/fdd/programs/fdpi/FundingWkGrp) for a limited period of time. Should you require assistance regarding the submission of comments, please contact Nancy Theodore, by telephone at 703-305-2675, or by email at nancy.theodore@fns.usda.gov.

I greatly appreciate the effort of each of the work group members, and your valuable input in this process. I truly believe that we have a workable solution to the current funding inequities, and I am eager to move forward to resolution with the support of Congress.

Thank you for your continued support of FDPIR.

Roberto Salazar
Administrator

Enclosures

Background Information on the FDPIR Funding Work Group

The FDPIR Funding Work Group was convened in 2005 at the request of former U.S. Department of Agriculture Under Secretary Eric Bost to address concerns raised over a number of years regarding inequities in the methodology for allocating FDPIR administrative funding. The current allocation method involves distribution of appropriated funds to the FNS Regional Offices based on fixed percentages that have been used without change for many years. Based on the amount of funds received by each FNS Regional Office, the Regional Offices negotiate individually with the ITOs and State agencies on the approval of individual annual budgets. Currently, FDPIR programs with similar size and characteristics, but located in different regions, may receive significantly different funding amounts.

The work group, which is comprised of representatives from the ITOs and State agencies that administer FDPIR, as well as staff from FNS' Regional Offices and National Office, was charged with developing a new methodology for the distribution of FDPIR administrative funds that is equitable, objective, and easy to understand. After conducting data collection and analysis for many months, the work group completed a preliminary proposal in November 2006, which was mailed to Tribal and State officials for comment. Tribal and State officials were also invited to attend public meetings held in January 2007 in four locations across the country as a venue for discussions on the work group's preliminary proposal. Many Tribal and State officials joined FNS Administrator Roberto Salazar, or his deputy administrator, at the public meetings and/or submitted written comments on the work group's preliminary proposal.

The work group met in April 2007 to review the written comments and transcripts of the four public meetings. The comments reflected the diversity of opinion among the Tribal and State officials. From April to October 2007, the work group diligently attempted to address the issues and concerns presented in the comments, and resolve the diversity of opinion within the work group as well. The work group submitted its final recommendation to Administrator Salazar in a letter dated October 19, 2007.

The work group's efforts to develop proposals for a new funding allocation methodology were conducted in an open, inclusive, and cooperative environment that valued the input of all stakeholders. Minutes of the work group's meetings and comments submitted by Tribal and State officials are posted on the FDPIR Funding Work Group website at: www.fns.usda.gov/fdd/programs/fdpi/FundingWkGrp.

New FDPIR Funding Methodology

This chart reflects projected regional allocations under the new funding methodology assuming implementation in FY 2008.
 FY 2008 projected available funding = \$32,802,000 (a)

Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H	Col I	Col J	Col K	Col L
ITO/SA	Step 1 (b)						Step 2 (c)			Projected FY 2008 Regional Allocations (Col G + Col J)	Actual FY 2007 Regional Allocations (d)
	FY 2004	FY 2005	FY 2006	Participation	Col E as	Col F x	Number of Programs	Col H as	Col I x		
	Average Monthly Participation	Average Monthly Participation	Average Monthly Participation	Averaged Over 3 Years	Percentage of Col E Total	\$21,321,300 (65% of \$32,802,000)		Percentage of Col H Total	\$11,480,700 (35% of \$32,802,000)		
Mountain Plains	24,953	23,570	21,822	23,448	24.00%	\$5,116,661	30	27.27%	\$3,131,100	\$8,247,761	\$7,401,854
Midwest Region	8,934	8,761	7,936	8,544	8.74%	\$1,864,314	23	20.91%	\$2,400,510	\$4,264,824	\$2,898,940
Northeast Region	389	372	347	369	0.38%	\$80,592	2	1.82%	\$208,740	\$289,332	\$272,327
Southeast Region	1,335	1,334	1,153	1,274	1.30%	\$278,000	2	1.82%	\$208,740	\$486,740	\$198,770
Southwest Region	37,162	35,393	31,239	34,598	35.41%	\$7,549,630	19	17.27%	\$1,983,030	\$9,532,660	\$7,702,825
Western Region	31,583	29,476	27,371	29,477	30.17%	\$6,432,104	34	30.91%	\$3,548,580	\$9,980,684	\$8,182,195
National Total	104,356	98,906	89,868	97,710	100.00%	\$21,321,300	110	100.00%	\$11,480,700	\$32,802,000	\$26,656,911

Notes:

(a) \$32,802,000 = \$34.206 million [the lesser amount of the House and Senate proposals for the FY 2008 appropriation], minus \$200,000 [historical set aside for Nutrition Education], and minus \$1,204,000 [this amount is consistent with the President's FY 2008 budget request for program start up in Alaska but is subject to change; the Alaska FDPIR began operations in August 2007 and lacks a history of participation for inclusion in the new funding methodology in FY 2008]

(b) Available funding for Step 1 = \$21,321,300 [65% of \$32,802,000]

(c) Available funding for Step 2 = \$11,480,700 [35% of \$32,802,000]

(d) Excludes FY 2007 funding for Alaska FDPIR and Nutrition Education