

**FDPIR Funding Methodology Work Group
March 9, 2006 Conference Call Notes**

Attending	Not Attending
Tony Nertoli, NAFDPIR President/Sault Ste. Marie Tribe of Chippewa Indians	Elvira Jarka, FNS-MWRO
Ray Capoeman, NAFDPIR Western Region Vice-President/Quinault Nation	Sharon Thompson, St. Regis Mohawk
Red Gates, NAFDPIR Mountain Plains Region Vice-President/Standing Rock Sioux	Gale Dills, Cherokee Tribe of North Carolina
Susie Roy, NAFDPIR Midwest Region Vice-President/Leech Lake Chippewa	
Yunus Lakhani, Southern California Tribal Chairmen's Association	
Melinda Newport, Chickasaw Nation	
Linday Rayon, Muscogee (Creek) Nation	
Laura Castro, FNS-HQ, FDD	
Don DeBoer, FNS-MPRO	
Chris Hennelly, FNS-SWRO	
Madeline Viens, FNS-WRO	
Nancy Theodore, FNS-HQ (staff support)	

First, Nancy Theodore asked the work group members to respond to her proposal to work towards completing the mailing of the group's proposal to the Tribal/State officials prior to the April 2006 NAFDPIR conference. Weekly 90-minute conference calls would be held in an effort to accomplish this goal. Nancy explained that it would benefit the ITOs if they could receive the package prior to the conference and had a chance to review the proposal and develop questions for the work group when the proposal is presented at the General Session on Monday, April 24. One of the work group members expressed concern that the process of developing a proposed funding methodology might be rushed by frequent conference calls. Also, some work group members were not sure if they would be able to attend all of the conference calls if held weekly. However, all of the attending work group members agreed to try this schedule for the next few weeks.

Nancy pointed out that if the mailing is completed prior to the NAFDPIR conference, there would be little work for the work group to complete during the comment period. So, there would be little need to meet during the conference. However, the work group may want to meet on Wednesday, April 26 to discuss the questions and comments from the NAFDPIR membership at the discussion of the proposal in the April 24 General Session. All of the attending work group members agreed to meet Wednesday, April 26 at 1:30pm, barring any schedule conflicts due to NAFDPIR Board business. Yunus Lakhani reported that he may not be able to attend the conference, but would be represented by the Navajo Nation.

In earlier discussions, the work group members discussed whether it would be necessary for all the work group members to agree on a proposed funding methodology. Some work group members felt that consensus should be sought, and that the work group members should stand together in support of what was decided by the majority. Others disagreed that consensus was necessary. Nancy pointed out that there may be differing opinions on the proposed funding methodology and those that disagree with the

majority should be able to present their opinions in the package to the Tribal/State officials. All of the attending work group members agreed.

Next, the work group members discussed the following proposal submitted by Yunus Lukani (Attachment M2, which is based on FY 2006 available funding). Yunus clarified that because this proposal is based on actual allocations it incorporates tailgating, which is considered a major cost driver by many ITOs, especially those in the Western Region.

Step 1. Average the ITO/State agency allocations for FY 2003, 2004 and 2005 (Column F).

Step 2. Average ITO/State agency participation for FY 2003, 2004, and 2005 (Column J).

Step 3. Determine a per participant amount (Column K) for each ITO by taking the average allocation (Column F) and dividing it by the average participation (Column J).

Step 4. Multiply the per participant amount (Column K) by the average participation level (Column J) to get Column L. **[The unintended effect of this step is to bring you back to the amount in Column F, the average of allocations over the most recent 3 years.]**

Step 5. Take 5% of the average allocation (Column F) and add to Column L to get Column M

Step 6. Columns N and O shows the difference between the FY 2005 allocations and what the ITOs/State agencies would have received in FY 2006 under this proposal, before any remaining funds are distributed by regional negotiation or other means.

The work group members were cautioned that Attachment M2 was designed to present the concept of this proposal. Column M does not represent the exact amount that each ITO would get. Since this proposal was not implemented in FY 2006, all the numbers upon which the calculation is based (i.e., total available funding, annual allocations, and participation numbers) would change, and some funding may be left over for regional negotiation.

Nancy asked the work group members for comments on Yunus' proposal. Some of the work group members expressed concern that the use of prior year allocations in the formula perpetuates the inequity of the current funding allocations. One member pointed out that the Cherokee Nation and Navajo Nation have similar participation levels, but under this proposal the Cherokee Nation would receive considerably less funding.

A question was raised about the matching requirement and whether ITOs that cannot meet the 25% matching rate should receive additional funds. One member offered that ITOs should not be penalized if they cannot meet the rate—I TOs are allowed to match at a lower rate with proper justification. Nancy asked the work group members to table the discussion on the matching requirement and return to the original topic of discussion—Yunus' proposal. Nancy pointed out that the matching requirement would be added to the agenda of a future conference call.

Next, Nancy asked the work group members to review Attachment N (FDPIR Tailgating and Home Deliveries) and another chart that shows the FY 2005 budget data for tailgate operations. Attachment N listed survey data on the number of tailgates and home deliveries per month, the total miles driven for tailgates and home deliveries, and the number of permanent warehouses/issuance sites (not tailgates). Discussion on this subject generated mixed reactions on whether tailgating and other cost drivers, such as other service delivery methods, salaries, etc., can effectively be accounted for under a funding formula.

Six of the attending work group members voted to not revisit whether individual cost drivers should be incorporated in the funding methodology. Five the attending work group members voted to revisit either tailgating or all of the original cost drivers.

WORK GROUP ASSIGNMENTS:

1) The work group members were provided the list of cost drivers and other considerations that was originally developed in the June 22, 2005 meeting. They were asked to identify those cost drivers that they want the work group to reconsider. They were also asked to identify any additional cost drivers that should be added.

2) Those work group members that support the inclusion of tailgating, or any other cost drivers, as part of a proposed funding methodology, were asked to provide Nancy with a detailed description of their proposed methodology so she can prepare handouts for the work group members.

The next conference call is scheduled for Thursday, March 16 at 3pm Eastern time.