

FDPIR Funding Work Group
April 17-19, 2007 Meeting
Notes

| Attending | Not Attending |
|--|--|
| Nancy Egan (Shoshone-Paiute Tribes), representing the NAFDPIR Regional Vice President for the Western Region | Tony Nertoli (Sault Ste. Marie Tribe of Chippewa Indians), NAFDPIR President |
| Gale Dills (North Carolina Department of Agriculture and Consumer Services/Cherokee Tribe of North Carolina), representing the Southeast Region ITOs | |
| Linday Rayon (Muscogee (Creek) Nation), representing the NAFDPIR Regional Vice President for the Southwest Region | |
| Red Gates, NAFDPIR Regional Vice President for the Mountain Plains Region | |
| Thomas Yellowhair (Navajo Nation), representing WAFDPIR | |
| Joe Bluehorse (Oglala Sioux Tribe), representing Mary Trottier (Spirit Lake), representing the Mountain Plains Region Executive Board | |
| Susie Roy (Leech Lake Chippewa), NAFDPIR Regional Vice President for the Midwest Region | |
| Melinda Newport (Chickasaw Nation), representing ONFACT | |
| Betty Jo Graveen (Lac Du Flambeau), representing the Midwest Region ITOs | |
| Elvira Jarka, Director, Special Nutrition Programs, FNS-MWRO | |
| Chris Hennelly, Program Specialist, FNS-SWRO | |
| Madeline Viens, Assistant Director, Field Operations, FNS-WRO | |
| Don DeBoer, Senior Program Specialist, FNS-MPRO | |
| Cindy Wheeler, Program Specialist, FNS-SERO | |
| Laura Castro, Chief, Policy Branch, FNS-HQ | |
| Nancy Theodore, Program Analyst, FNS-HQ (work group staff support) | |
| Melanie Casey, Program Analyst, FNS-HQ (work group facilitator) | |

Tuesday, April 17, 2007

9:00am Meeting began.

- Roberto Salazar, Administrator of the Food and Nutrition Service met with the work group and explained his vision and expectations, which were outlined in an April 4, 2007, letter to Tribal and State officials and the work group members. Mr. Salazar also responded to questions from the work group members.
- Melanie Casey, facilitator for the work group, reviewed the goal statement with the work group members and the group made modifications. Attached is the revised goal statement (Attachment A).
- Melanie and the work group members developed a meeting purpose statement and a general agenda for the three-day meeting (see Attachment B).
- Melanie asked the work group members to introduce themselves and share their purpose for being at the meeting.
- Melanie led the work group in a review of the guidelines developed by the work group on July 13, 2006. The work group made modifications to the guidelines. Attached are the revised guidelines (Attachment C).
- Melanie led the work group in a review of suggested meeting ground rules and modifications were made (see Attachment D). The work group agreed to “park” issues as appropriate. Attached are the “Parking Lot” issues that were compiled during the meeting (see Attachment E).
- Nancy Theodore provided an overview of draft analyses of the written comments and the transcripts that she prepared for the work group members.
- The work group members began their review of the 37 comment letters submitted. **Attached is a listing of the comment letters reviewed (Attachment F).** As each comment letter was reviewed, the work group members distilled comments on the preliminary proposal and other issues relevant to the development of a funding methodology. The work group members compiled a list of the relevant comments/issues. They also compiled a list of questions/issues raised by the commenters that the work group wanted to address in a Question and Answer format that could accompany future correspondence on the work group’s final recommendation (see Attachment G). The work group members completed their review of the first 16 comment letters on Tuesday.

5:00pm Meeting ended

Wednesday, April 18, 2007

9:00am Meeting began.

- The work group members continued their review of the remaining comment letters. **Attached is a listing of the comment letters reviewed (Attachment F).** Attachment H lists the relevant comments/issues distilled from the comment letters by the work group members. Attachment G lists the topics that the work group intends to address in a Question and Answer format.
- The work group also discussed the comments offered at the four listening sessions held across the country in January 2007. Transcripts of the meetings can be found at http://www.fns.usda.gov/fdd/programs/fdpi/FundingWkGrp/FWG_MeetNotes.htm. The work group compiled the relevant comments/issues distilled from the transcripts (see Attachment H).
- The work group began discussions on the list of comments/issues distilled from the comment letters and the meeting transcripts. The work group began to formulate proposals for funding methodologies that would address those comments/issues. Six proposals were offered by work group members (Proposals A-F) on Wednesday (see Attachment I for a description of the proposals).

5:00pm Meeting ended

Thursday, April 19, 2007

9:00am Meeting began.

- Melanie assigned the work group members to three teams and asked them to explore and explain the six proposals offered on Wednesday. She asked the teams to provide a written description that:
 - Outline the steps to follow in calculating the funding methodology;
 - Explain the responsibilities of the ITOs/State agencies, FNS-Regional Offices, and FNS-headquarters;
 - List the data needed to determine funding under the methodology;
 - List the advantages of the methodology; and
 - List the disadvantages of the methodology.

Team 1: Proposals A and B

Leader – Red Gates

Betty Jo Graveen

Madeline Viens

Cindy Wheeler

Melinda Newport

Team 2: Proposals C and D

Leader: Susie Roy

Chris Hennelly

Joe Bluehorse

Gale Dills

Don DeBoer

Team 3: Proposals E and F

Leader: Nancy Egan
 Laura Castro
 Elvira Jarka
 Linday Rayon
 Thomas Yellowhair

- Each team reported to the work group on the proposals they were assigned to explore and explain. Written descriptions of the proposals were compiled and the work group reviewed and commented on the descriptions. Attached are the draft descriptions developed by the work group (Attachment I).
- The work group reviewed the preliminary proposal developed in November 2006 and modified it based on the comments received. This proposal was relabeled as Proposal G.
- Roberto Salazar and Kate Houston, Deputy Administrator for Special Nutrition Programs, stopped by the meeting to answer any remaining questions from the work group members.
- The work group preliminarily rated each of the proposals in terms of objectivity, equitability and easiness to understand. Below are the results of the preliminary ratings (i.e., votes by individual work group members):

| Proposal | Objective | | Equitable | | Easy to Understand | | Total | |
|----------|-----------|------|-----------|------|--------------------|------|-------|------|
| | Pass | Fail | Pass | Fail | Pass | Fail | Pass | Fail |
| B | 6 | 8 | 7 | 6 | 15 | 0 | 28 | 14 |
| C | 8 | 6 | 2 | 10 | 1 | 14 | 11 | 30 |
| D | 5 | 7 | 8 | 4 | 4 | 11 | 17 | 22 |
| E | 9 | 5 | 7 | 5 | 9 | 6 | 25 | 16 |
| F | 13 | 1 | 3 | 11 | 11 | 4 | 27 | 16 |
| G | 9 | 6 | 2 | 11 | 2 | 12 | 13 | 29 |

- The work group requested that spreadsheets be developed to illustrate how funding allocations would be affected under the proposals. Work group members suggested parameters (e.g., specific inflation factors and weights) to be used in the spreadsheets. Nancy Theodore will develop spreadsheets for Proposals E, F, and G. Chris Hennelly offered to develop a spreadsheet to illustrate Proposal C. Proposals B and D are strictly based on budget negotiations with no funding calculations, so they cannot be illustrated by spreadsheets.
- The work group agreed to meet via conference call on the following dates:
 - May 4, 2:30-4:00pm Eastern time
 - May 16, 2:30-4:00pm Eastern time
 - June 6, 2:30-4:00pm Eastern time
- The work group members will also meet on June 12, 2007 from 4:30-6:00pm in conjunction with the National Association of Food Distribution Programs on Indian Reservations conference in San Antonio, Texas.

5:00pm Meeting ended

Meeting Materials:

Below is a list of materials provided to each work group member during the course of the meeting:

- Statement of Work Group Goal
- Suggested Meeting Ground Rules
- July 13, 2006 Guidelines for Developing a Funding Methodology
- Copy of the November 28, 2006, package to all Tribal and State officials describing the preliminary proposal developed by the work group
- Draft comment analysis of the written comments
- Draft comment analysis of the four meeting transcripts
- Chart showing for each ITO and State agency the FY 2006 FDPIR Administrative Funding Allocations, FY 2006 Average Monthly Participation, and Per Participant Amounts
- Chart showing for each ITO and State agency the FY 2006 FDPIR Total Federal Outlays/Unliquidated Obligations; FY 2006 Unobligated Federal Funds; FY 2006 In Kind Match; FY 2006 Other Match; FY 2006 Total Federal and Non-federal Outlays/Unliquidated Obligations; and FY 2006 Matching Rate
- Chart showing for each ITO and State agency those ITOs/State agencies represented at the January listening meetings; those ITOs/State agencies that presented comments at the January listening meetings; and those ITOs/State agencies that submitted written comments.
- Chart showing the FY average monthly participation for the program of each ITO/State agency work group member and a chart showing the number of work group members by program size (i.e., 1-399; 400-899; 900-2999; 3000-5999; and greater than 6000 participants).
- Chart showing for each ITO/State agency the average monthly participation for FY 2004-2006 and the average participation for that three-year period.
- Chart describing the 14 options previously considered by the work group.
- Chart developed on August 30, 2005 showing the Budget Negotiation Process used by each FNS Regional Office.
- Contact information for each FDPIR program showing the number of tribes served by each ITO/State agency.
- Appropriation amounts for FDPIR administrative funding for FY 2005-2007; the President's Budget amount for FDPIR administrative funding for FY 2008; the Farm Bill Proposal amount for FDPIR administrative funding for FY 2008; and the actual or proposed amount of funding increase from year to year from FY 2005 to FY 2008
- October 1, 1999 memo from Food Distribution Director Les Johnson to the Southwest Region Special Nutrition Program Director providing guidance on "urban place" waiver requests in Oklahoma.
- One-page summary of guidance on "urban place" waiver requests
- Chart showing by Region the number of urban waiver requests submitted, the number of waivers denied, and the number of waivers approved from 1982 to February 6, 2004.
- Chart showing Oklahoma specific FDPIR rulemakings by type of rulemaking, date of rulemaking, Federal Register citation, and purpose of rulemaking.
- Excerpts from federal regulations (7 CFR Part 253 and 7 CFR Part 254) and FNS Handbook 501 provisions pertaining to "urban place" waiver requests.

Reference Materials:

Below is a list of reference materials made available to the work group during the course of the meeting:

- OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
- 7 CFR Part 3016, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 7 CFR Part 277, Payments of Certain Administrative Costs of State Agencies
- 7 CFR Part 253, Administration of the Food Distribution Program for Households on Indian Reservations
- 7 CFR Part 254, Administration of the Food Distribution Program for Indian Households in Oklahoma
- FNS Handbook 501, The Food Distribution Program on Indian Reservations
- A description of the components of the November 2006 preliminary proposal
- Comment letters (see Attachment A for a listing; the comment letters are also posted at http://www.fns.usda.gov/fdd/programs/fdpi/FundingWkGrp/FWG_PubComments.htm)
- Transcripts of the four listening sessions (the transcripts are posted at http://www.fns.usda.gov/fdd/programs/fdpi/FundingWkGrp/FWG_MeetNotes.htm)

Attachments

Work Group Goal Statement

To develop a recommendation(s) for a methodology(ies) for allocating federal administrative funds for FDPIR that is objective, equitable, and easy to understand.

4/17/07

Purpose Statement and Meeting Agenda

Tuesday, April 17, 2007

- Review written comments:
 - Identify main ideas
 - Identify which ideas affect funding methodology
- Review transcript summary

Wednesday, April 18, 2007

- AM: More discovering!
- Lunch: Summarize findings
- PM: Explore options

Thursday, April 19, 2007

- Develop funding methodology recommendation(s)
- Action Plan*
 - Next steps
 - Recommendation to Roberto Salazar regarding additional review by Tribal/State officials
 - Work group expectations and communications
 - Response to comments – Questions and Answers

* Note: The work group did not address the Action Plan in detail before the meeting ended; it will be discussed in future conference calls.

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Guidelines for Developing a Funding Methodology

| |
|---|
| 1. It must be fair and equitable. |
| 2. It must consider operational differences among the ITOs and State agencies, <u>and</u> maintain flexibility for ITOs and FNS Regional Offices to negotiate funding for individual operational needs. |
| 3. It must be easily understood. |
| 4. It must ensure that the smallest ITOs have sufficient funding for basic operations. |
| 5. It must incorporate a plan for gradual implementation, if appropriate. |
| 6. It must be responsive to changes in circumstances over time. |
| 7. It must educate. |

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Work Group Meeting Ground Rules

- We are professionals and will act accordingly: we will be on time; we will come to the meeting prepared
- We will be respectful: we will listen respectfully and avoid interrupting others
- We will be constructive: finger pointing and blaming is counterproductive; we are all here for a common goal of improving FDPIR
- We will be efficient with our limited time: we will try to stay on track and stick to the relevant issues (use parking lot)
- We will be open and receptive to other points of view: there are 6 Regions and 110 programs that all have something to offer
- We will be productive: we are here to complete a task; other business will not be conducted during meeting times
- We will respect the previous work of our colleagues
- We will refrain from making general unsupported statements

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Parking Lot Issues

- Funding methodology for allocating Nutrition Education funding
- Use of administrative funding by North Dakota and Montana State agencies in ordering, warehousing, and distributing commodities to seven independent ITOs.
- Address capital expenditures in a funding methodology
- Serving different areas (urban vs rural) – Who can participate?

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Comment Letters Reviewed by the Work Group

| Number | Comment Letter Submitted By: |
|--------|---|
| 1 | Pat Roberts, Menominee Indian Tribe of Wisconsin |
| 2 | Fawn R. Sharp, President, Quinault Indian Nation |
| 3 | Rebecca A. Miles, Chairman, Nez Perce Tribal Executive Committee |
| 4 | Maria Tripp, Chairperson, Yurok Tribe |
| 5 | Myra Pearson, Tribal Chairwoman, Spirit Lake Tribe |
| 6 | Cecile Hanson, Chair, Board of Directors, Small Tribes Organization of Western Washington |
| 7 | Linwood J. Killam, MHA, CEO, Riverside-San Bernardino County Indian Health, Inc. |
| 8 | Bill Anoatubby, Governor, The Chickasaw Nation |
| 9 | Delores Pigsey, Tribal Chairman, Confederated Tribes of Siletz Indians |
| 10 | William R. Rhodes, Governor, Gila River Indian Community |
| 11 | Walt Moran, Chairman, Trenton Indian Service Area |
| 12 | Jim Nolan, Chief, Intergovernmental Human Services Bureau, Montana Department of Public Health and Human Services |
| 13 | Jenelle Gimlin, Program Chief, Nevada Food Distribution Program, Nevada Department of Administration |
| 14 | Lisa Waukau, Chairperson, Menominee Indian Tribe of Wisconsin |
| 15 | Rusty Edmo for LaNada War Jack, Executive Director, Shoshone-Bannock Tribes |
| 16 | John Gonzales, Executive Director, Eight Northern Indian Pueblos Council, Inc. |
| 17 | Donna Kinnaman, Director, Community Action Program East Central Oregon |
| 18 | Tony Nertoli, Sault Ste. Marie Tribe of Chippewa Indians |
| 19 | Linda Glaser, Director, Child Nutrition and Food Distribution Programs, North Dakota Department of Public Instruction |
| 20 | Ben Shelly, Vice President, The Navajo Nation |
| 21 | Kyle R. Prior, Chairman, Shoshone-Paiute Tribes |
| 22 | Richard Tupper, Program Manager, Klamath Tribes Food Distribution Program |
| 23 | Ron Allery for Chairman David Brien, Turtle Mountain Tribe |
| 24 | Maxine Natchees, Chairperson, Ute Indian Tribe |
| 25 | Steven C. Emery, Tribal Attorney, Standing Rock Sioux Tribe |
| 26 | John Yellow Bird Steele, President, Oglala Sioux Tribe |
| 27 | Chad "Corntassel" Smith, Principal Chief, Cherokee Nation |
| 28 | Enoch Kelly Haney, Principal Chief, Seminole Nation of Oklahoma |
| 29 | Denis Turner, Executive Director, Southern California Tribal Chairmen's Assoc., Inc. |
| 30 | Forest Farris, Food Distribution Section Chief, Montana Department of Public Health and Human Services |
| 31 | Kay Rhoads, Principal Chief, Sac and Fox Nation |
| 32 | Norman J. Coeoyate, Governor, Pueblo of Zuni |
| 33 | Lee Alolpe for Michael Marchand, Business Council Chairman, Confederated Tribes of the Colville Reservation |
| 34 | Wendsler Nosie, Sr., Tribal Chairman, San Carlos Apache Tribe |
| 35 | Lester Thompson, Jr., Chairman, Crow Creek Sioux Tribe |
| 36 | Carmen Kalama, Manager, South Puget Intertribal Planning Agency Food Distribution Program |
| 37 | Lavina Washines, Chairwoman, Yakama Tribal Council |

Questions and Answers

- Why are there two sets of regulations?
- Clarify work group representation: Mountain Plains; State representation; large tribes (comment letter #34)
- How is the matching requirement affected by the funding methodology?
- Does FNS have alternative plans if the NAFDPIR rejects the work group's recommendation(s)? (comment letter #20)
- Explain urban waiver policy and that waiver request process is the same for all ITOs
- Explain how the work group considered the 2006 options

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**List of Comments/Issues the Work Group Distilled from the
Comment Letters and Transcripts**

General:

Unmet need; need more funding

Supports goal of developing an objective, equitable and easy to understand process

No reductions in funding levels

Opposes holding funds stagnant

No reductions at the expense of other ITOs/State agencies

No loss of ability to negotiate federal funding

Need to account for indirect costs

Need objective measures of special circumstances

Need to consider operational needs; all Tribes are unique; one size does not fit all

Preliminary proposal considers operational differences among ITOs/State agencies

Other factors should be considered (number of sites/warehouses; number of staff needed; tailgating /other delivery service; telephones/equipment; heating /cooling expenses; vehicle maintenance; facility upgrades)

Need to account for tailgating and other delivery methods (lump sum or by mileage)

Methodology should consider cost of living by geographic area; high cost of extra services/staff levels

Methodology should include performance measures

Methodology should consider COLAs

Methodology should consider inflation (5% every year)

Methodology should consider prior history of turning back funds

Need adequate consultation with Tribes

Need to provide ITOs and State agencies an opportunity to comment on final recommendation(s)

Need spreadsheets that show the specific impact on each program; proposal is too vague on impact on ITOs/State agencies

Need methodology that facilitates future budget projections

ITOs/State agencies verify data used prior to calculations

Tribes from Western Region rejected these methodologies

Component 1: Basic Grant Amount

Component 1 is reasonable

Opposes a base amount

Component 1 doesn't provide enough; not sufficient

Component 1 should account for inflation

Methodology should be determined by the number of participants and/or land base

Basic grant amount should be \$20,000

Component 2: Historical Funding Amount

Prior year funding does not have a rational correlation to future funding needs

Using past funding history is not equitable since past funding has been inequitable

All capital expenditures should be excluded in the calculation of Component 2

Capital expenditures above \$100,000 should be excluded in the calculation of Component 2

Weight in Component 2 should be more than 5%

Weight should be 10%

Weight should be 15%

Component 3: Participation-driven Funding Amount

Opposes Component 3

Participation is the most important concept

Participation should not be primary factor

Three-year average appears reasonable, but should be open to revision, if necessary

Need to consider the effect of reductions in participation

Component 3 should account for ITOs with larger geographical areas and related costs (tailgating, warehouse and vehicle maintenance)

Regional Negotiated Amount:

Component considers operational differences among programs

Set aside for this component should be 10%

Set aside for this component should be 15%

Set aside for this component should be 20%

Negotiation process - Need guidelines; process should be straightforward and not difficult; Tribes should be consulted on the guidelines; training should be provided on the guidelines

Gradual Implementation Plan:

Time frame should be limited to a specific number of years (e.g., 3-5 years)

Limit reduction in funding over the prior year to a certain percentage (e.g., 10%)

Programs should receive no less than the previous year's allocation

Need to lessen the impact of reduction of funding

Other:

An assessment/evaluation period of 2-3 years to evaluate the effectiveness of the new funding methodology and make necessary adjustments

Allocate funds to Regional Offices for negotiation with ITOs/State agencies

Need plan for distributing unobligated funds

Set aside 10% of appropriation for emergency and unforeseen expenses

Reconsider Option 2 (described in the May 18, 2006, letter from the work group to all FDPIR Program Directors)

Proposal for allocating funds at the Regional level that is modeled after the methodology used by the Midwest Regional Office (comment letter #18)

Present three alternatives for the Tribal and State officials to consider

4/18/07

(Revised)
Draft Description of Proposals A-G Explored and Explained by the Work Group
 April 17-19, 2007

| Proposal | Draft Description | Meets Criteria | Does Not Meet Criteria | Other Considerations |
|----------|---|--|--|---|
| A | <p>Step 1: Divide the appropriation evenly among the six ROs</p> <p>Step 2: Each ITO/State agency submits a budget for negotiation.</p> <p>Step 3: The RO with the lowest total amount of proposed budgets allocates funding to its ITOs/State agencies. Any remaining funds are divided among the other Regions.</p> <p>Step 4: The RO with the next lowest total amount of proposed budgets allocates funding to its ITOs/State agencies. Any remaining funds are divided among the other Regions.</p> <p>Step 5: Repeat Step 4 until all ROs have allocated funds to their ITOs/State agencies.</p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | <ul style="list-style-type: none"> • Team 1 withdrew the proposal because it would be operationally too time consuming and would not guarantee that adequate funding would be available to the RO that has the highest total amount of proposed budgets. |
| B | <p>Step 1: All ITOs/State agencies submit a budget to FNS-HQ that meet their individual needs.</p> <p>Step 2: FNS-HQ negotiates individually with ITOs/State agencies on budget proposal. This could be accomplished by a review team that includes RO staff that uses standard negotiation guidelines.</p> <p>Step 3a: If the total amount of budgets does not exceed the appropriation amount for the fiscal year, FNS-HQ would allocate funds based on the initial negotiations.</p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u> Strictly based on budget negotiations with no funding calculations</p> | <p><u>Fair:</u></p> <p><u>Objective:</u> Less objective than formula-driven proposals</p> <p><u>Easy to Understand:</u></p> | <ul style="list-style-type: none"> • Centralized review ensures uniformity and consistency in negotiations • ITOs/State agencies that do better at supporting budgets would have an advantage |

| Proposal | Draft Description | Meets Criteria | Does Not Meet Criteria | Other Considerations | | | | | | | | | | | | | | | | | | | | |
|----------------------|---|----------------------|------------------------|----------------------|---------|---------|----------|----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-------|----------|---|---|--|
| | <p>Step 3b: If the total amount of budgets exceeds the appropriation for the fiscal year, FNS-HQ would renegotiate all of the budgets to reduce the total budget amount to be no more than the appropriation.</p> | | | | | | | | | | | | | | | | | | | | | | | |
| C | <p>Step 1: Determine each RO's funding based on:</p> <p>(a) Base amount determined by each ITO's/State agency's average monthly participation. For example:</p> <table border="1" data-bbox="302 527 661 857"> <thead> <tr> <th><u>Participation</u></th> <th><u>Base Amount</u></th> </tr> </thead> <tbody> <tr> <td>1-300</td> <td>\$5,000</td> </tr> <tr> <td>301-600</td> <td>\$10,000</td> </tr> <tr> <td>601-1000</td> <td>\$15,000</td> </tr> <tr> <td>1001-1500</td> <td>\$20,000</td> </tr> <tr> <td>5001-2000</td> <td>\$25,000</td> </tr> <tr> <td>2001-3000</td> <td>\$30,000</td> </tr> <tr> <td>3001-4000</td> <td>\$35,000</td> </tr> <tr> <td>4001-5000</td> <td>\$40,000</td> </tr> <tr> <td>5001+</td> <td>\$50,000</td> </tr> </tbody> </table> <p>(b) Region's share of national number of programs (weighted)</p> <p>(c) Region's share of national participation averaged over the most recent three-year period (weighted)</p> <p>(d) Region's share of national number of programs with tailgate operations, home delivery, stores (weighted)</p> <p>(e) State cost of living index factor</p> <p>Step 2: ROs conduct individual budget negotiations with each ITO/State agency (based on the availability of funding).</p> | <u>Participation</u> | <u>Base Amount</u> | 1-300 | \$5,000 | 301-600 | \$10,000 | 601-1000 | \$15,000 | 1001-1500 | \$20,000 | 5001-2000 | \$25,000 | 2001-3000 | \$30,000 | 3001-4000 | \$35,000 | 4001-5000 | \$40,000 | 5001+ | \$50,000 | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | |
| <u>Participation</u> | <u>Base Amount</u> | | | | | | | | | | | | | | | | | | | | | | | |
| 1-300 | \$5,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 301-600 | \$10,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 601-1000 | \$15,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 1001-1500 | \$20,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 5001-2000 | \$25,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 2001-3000 | \$30,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 3001-4000 | \$35,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 4001-5000 | \$40,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 5001+ | \$50,000 | | | | | | | | | | | | | | | | | | | | | | | |

| Proposal | Draft Description | Meets Criteria | Does Not Meet Criteria | Other Considerations |
|-----------------|--|--|--|--|
| <p>D</p> | <p><u>Initial Year</u> Step 1: All ITOs/State agencies submit budget to ROs that meet their individual needs.</p> <p>Step 2: ROs negotiate with the individual ITOs/State agencies on each budget proposal.</p> <p>Step 3: ROs submit proposed budget amounts to FNS-HQ</p> <p>Step 4: FNS-HQ totals all proposed budgets and compares to appropriation amount for that year.</p> <p>Step 5a: If the total budget amount does not exceed appropriation amount, each RO receives the total amount of its proposed budgets. Remaining funds could be used for emergency needs throughout the fiscal year.</p> <p>Step 5b: If the total budget amount exceeds the appropriation amount, each RO receives its share of the total increase in funding (i.e., the inflation factor provided by Congress). FNS-ROs will require each ITO/State agency to submit a revised budget reflecting the appropriate percentage decrease in funding.</p> <p><u>Subsequent Years</u> Step 1: ITOs/State agencies would need to submit a new budget each year to receive additional funds. ITOs/State agencies that do not submit a new budget would receive the same allocation as the previous year.</p> <p>Step 2: ROs negotiate with the individual ITOs/State agencies on each budget proposal.</p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u> Strictly based on budget negotiations with no funding calculations</p> | <p><u>Fair:</u></p> <p><u>Objective:</u> Less objective than formula-driven proposals</p> <p><u>Easy to Understand:</u></p> | <ul style="list-style-type: none"> • ITOs/State agencies that do better at supporting budgets would have an advantage |

| Proposal | Draft Description | Meets Criteria | Does Not Meet Criteria | Other Considerations |
|----------|--|---|---|----------------------|
| | <p>Step 3: FNS-ROs submit proposed budget amounts to FNS-HQ</p> <p>Step 4: FNS-HQ totals all proposed budgets and compares to appropriation amount for that year.</p> <p>Step 5a: If the total budget amount does not exceed appropriation amount, each FNS-RO receives the total amount of its proposed budgets. Remaining funds could be used for emergency needs throughout the fiscal year.</p> <p>Step 5b: If the total budget amount exceeds the appropriation amount, each FNS-RO receives its share of the total increase in funding (i.e., the inflation factor provided by Congress). FNS-ROs will require each ITO/State agency to submit a revised budget reflecting the appropriate percentage decrease in funding.</p> | | | |
| E | <p>Step 1: Allocate funding to FNS-Regional Offices based on:</p> <ul style="list-style-type: none"> • Region’s share of national participation (one or over several years) [TBD: specific weight to be applied to this component], and • Region’s share of national number of programs with tailgating, home delivery, or stores [TBD: specific weight to be applied to this component]. <p>Step 2: FNS-Regional Offices conduct individual budget negotiations with each ITO/State agency (based on the availability of funding).</p> <p>Step 3: At discretion of each RO funds may be set aside for emergency needs.</p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | |

| Proposal | Draft Description | Meets Criteria | Does Not Meet Criteria | Other Considerations |
|----------|--|---|---|----------------------|
| F | <p>Step 1: Determine each ITO's/State agency's federal allocation for the most recent fiscal year and increase by an inflation factor. [TBD: the inflation factor]</p> <p>Step 2: Determine/calculate each ITO's/State agency's average allocation over three years.</p> <p>Step 3: Determine the higher amount that is the result of Step 1 or Step 2. This is the ITO's/SA's allocation amount.</p> <p>Step 4: Any remaining funds are reserved for emergency funding needs/negotiation.</p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | |
| G | <p>Step 1: Regional Negotiated Amount--Set aside a portion of the appropriation for negotiation between the ROs and the ITOs/State agencies. The amount each RO receives is based on its share of national participation averaged for the most recent three-year period. [TBD: the percentage of the set aside]</p> <p>Step 2: Assign a Base Amount to each ITO/State agency--Beginning with a base amount of \$10,000 the first year, add an inflation factor each year to the base amount.</p> <p>Step 3: Assign a Participation-driven Amount to each ITO/State agency—Calculate each ITO's/State agency's share of the remaining available funding based on their share of the national participation level averaged for the most recent three-year period.</p> <p>Step 4: For each ITO/State agency combine the amounts in Step 2 and 3. This is the total basic grant amount each ITO and State agency would</p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | <p><u>Fair:</u></p> <p><u>Objective:</u></p> <p><u>Easy to Understand:</u></p> | |

| Proposal | Draft Description | Meets Criteria | Does Not Meet Criteria | Other Considerations |
|----------|--|----------------|------------------------|----------------------|
| | <p>receive.</p> <p>Step 5: ITOs/State agencies that need funding in excess of the combined amount in Step 4, would submit a request for additional funding to the RO. The RO would negotiate with the ITO/State agency for the additional funding (based on the availability of funding).</p> | | | |

Summary

| Proposal | How are Indian Tribal Organizations (ITO) and State Agency Allocations Determined? |
|----------|---|
| B & D | Individual budget negotiations (subject to availability of funding) |
| C & E | Food and Nutrition Service (FNS)-Headquarters (HQ) determines amount of Regional Office (RO) funding; ROs conduct individual budget negotiate with the ITOs/State agencies (subject to availability of funding) |
| F | FNS-HQ determines ITO/State agency allocation via formula (subject to availability of funding) |
| G | FNS-HQ determines portion of ITO/State agency allocation via formula; remainder of allocation is determined by individual budget negotiation with the ITOs/State agencies (subject to availability of funding) |

5/4/07

(Original)
Draft Description of Proposals A-G Explored and Explained by the Work Group
April 17-19, 2007

| Proposal | Draft Description | Advantages | Disadvantages |
|-----------------|---|---|---|
| A | <p>Step 1: Divide the appropriation evenly among the six ROs</p> <p>Step 2: Each ITO/State agency submits a budget for negotiation.</p> <p>Step 3: The RO with the lowest total amount of proposed budgets allocates funding to its ITOs/State agencies. Any remaining funds are divided among the other Regions.</p> <p>Step 4: The RO with the next lowest total amount of proposed budgets allocates funding to its ITOs/State agencies. Any remaining funds are divided among the other Regions.</p> <p>Step 5: Repeat Step 4 until all ROs have allocated funds to their ITOs/State agencies.</p> | | <ul style="list-style-type: none"> • Team 1 withdrew the proposal because it would be operationally too time consuming and would not guarantee that adequate funding would be available to the RO that has the highest total amount of proposed budgets. |
| B | <p>Step 1: All ITOs/State agencies submit a budget to FNS-HQ that meet their individual needs.</p> <p>Step 2: FNS-HQ negotiates individually with ITOs/State agencies on budget proposal. This could be accomplished by a review team that includes RO staff.</p> <p>Step 3a: If the total amount of budgets does not exceed the appropriation amount for the fiscal year, FNS-HQ would allocate funds based on the initial negotiations.</p> <p>Step 3b: If the total amount of budgets exceeds the appropriation for the fiscal year, FNS-HQ would renegotiate all of the budgets to reduce the total budget amount to be no more than the appropriation.</p> | <ul style="list-style-type: none"> • Incorporates individual negotiations • Negotiations account for operational differences/special needs • Centralized review ensures uniformity • Reliance on written support of budget would instill some objectivity | <ul style="list-style-type: none"> • Requires budget submissions each year • Would require more written support of budget since FNS-HQ staff are not directly knowledgeable of ITO/State agency operations • ITOs/State agencies would be competing nationally for funds • Less objective than formula-driven proposals • ITOs/State agencies that do a better job at supporting budget would have an advantage • Competing for funding limits ability to predict funding level |

| Proposal | Draft Description | Advantages | Disadvantages | | | | | | | | | | | | | | | | | | | | |
|---------------|---|---|--|-------|---------|---------|----------|----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-------|----------|--|--|
| C | <p>Step 1: Determine each RO's funding based on:</p> <p>(f) Base amount determined by each ITO's/State agency's average monthly participation. For example:</p> <table border="1" data-bbox="300 289 661 621"> <thead> <tr> <th>Participation</th> <th>Base Amount</th> </tr> </thead> <tbody> <tr> <td>1-301</td> <td>\$5,000</td> </tr> <tr> <td>301-600</td> <td>\$10,000</td> </tr> <tr> <td>601-1000</td> <td>\$15,000</td> </tr> <tr> <td>1001-1500</td> <td>\$20,000</td> </tr> <tr> <td>5001-2000</td> <td>\$25,000</td> </tr> <tr> <td>2001-3000</td> <td>\$30,000</td> </tr> <tr> <td>3001-4000</td> <td>\$35,000</td> </tr> <tr> <td>4001-5000</td> <td>\$40,000</td> </tr> <tr> <td>5001+</td> <td>\$50,000</td> </tr> </tbody> </table> <p>(g) Region's share of national number of programs (weighted) (h) Region's share of national participation averaged over the most recent three-year period (weighted) (i) Region's share of national number of programs with tailgate operations, home delivery, stores (weighted) (j) State cost of living index factor</p> <p>Step 2: ROs conduct individual budget negotiations with each ITO/State agency (based on the availability of funding).</p> | Participation | Base Amount | 1-301 | \$5,000 | 301-600 | \$10,000 | 601-1000 | \$15,000 | 1001-1500 | \$20,000 | 5001-2000 | \$25,000 | 2001-3000 | \$30,000 | 3001-4000 | \$35,000 | 4001-5000 | \$40,000 | 5001+ | \$50,000 | <ul style="list-style-type: none"> • Incorporates individual negotiations • Accounts for operational differences/special needs • Provides an objective basis for distributing funds among ROs | <p>from year to year</p> <ul style="list-style-type: none"> • Requires budget submissions each year • No uniformity in review procedures if each RO conducts negotiations • Competing for funding limits ability to predict funding level from year to year • ITOs/State agencies that do a better job at supporting budget would have an advantage • ITOs/State agencies would be competing regionally for funds |
| Participation | Base Amount | | | | | | | | | | | | | | | | | | | | | | |
| 1-301 | \$5,000 | | | | | | | | | | | | | | | | | | | | | | |
| 301-600 | \$10,000 | | | | | | | | | | | | | | | | | | | | | | |
| 601-1000 | \$15,000 | | | | | | | | | | | | | | | | | | | | | | |
| 1001-1500 | \$20,000 | | | | | | | | | | | | | | | | | | | | | | |
| 5001-2000 | \$25,000 | | | | | | | | | | | | | | | | | | | | | | |
| 2001-3000 | \$30,000 | | | | | | | | | | | | | | | | | | | | | | |
| 3001-4000 | \$35,000 | | | | | | | | | | | | | | | | | | | | | | |
| 4001-5000 | \$40,000 | | | | | | | | | | | | | | | | | | | | | | |
| 5001+ | \$50,000 | | | | | | | | | | | | | | | | | | | | | | |
| D | <p>Initial Year</p> <p>Step 1: All ITOs/State agencies submit budget to ROs that meet their individual needs.</p> <p>Step 2: ROs negotiate with the individual ITOs/State agencies on each budget proposal.</p> <p>Step 3: ROs submit proposed budget amounts to FNS-HQ</p> <p>Step 4: FNS-HQ totals all proposed budgets and compares to appropriation amount for that year.</p> <p>Step 5a: If the total budget amount does not exceed appropriation amount, each RO receives the total amount of its proposed budgets. Remaining funds could be used fro</p> | <ul style="list-style-type: none"> • Incorporates individual negotiation (at least in the first year) • ROs could maintain current review procedures • Accounts for operational differences/special needs • Does not requires new budget submission each year if ITO/State agency does not want to change budget amount | <ul style="list-style-type: none"> • No uniformity in review procedures if each RO conducts negotiations • Competing for funding limits ability to predict funding level from year to year • Less objective than formula-driven proposals • ITOs/State agencies that do a better job at supporting budget would have an advantage • ITOs/State agencies would be competing nationally for funds | | | | | | | | | | | | | | | | | | | | |

| | | | |
|-----------------|---|-------------------|----------------------|
| | emergency needs throughout the fiscal year. | | |
| Proposal | Draft Description | Advantages | Disadvantages |
| | <p>Step 5b: If the total budget amount exceeds the appropriation amount, each RO receives its share of the total increase in funding (i.e., the inflation factor provided by Congress). FNS-ROs will require each ITO/State agency to submit a revised budget reflecting the appropriate percentage decrease in funding.</p> <p>Subsequent Years</p> <p>Step 1: ITOs/State agencies would need to submit a new budget each year to receive additional funds. ITOs/State agencies that do not submit a new budget would receive the same allocation as the previous year.</p> <p>Step 2: ROs negotiate with the individual ITOs/State agencies on each budget proposal.</p> <p>Step 3: FNS-ROs submit proposed budget amounts to FNS-HQ</p> <p>Step 4: FNS-HQ totals all proposed budgets and compares to appropriation amount for that year.</p> <p>Step 5a: If the total budget amount does not exceed appropriation amount, each FNS-RO receives the total amount of its proposed budgets. Remaining funds could be used for emergency needs throughout the fiscal year.</p> <p>Step 5b: If the total budget amount exceeds the appropriation amount, each FNS-RO receives its share of the total increase in funding (i.e., the inflation factor provided by Congress). FNS-ROs will require each ITO/State agency to submit a revised budget reflecting the appropriate percentage decrease in funding.</p> | | |

| Proposal | Draft Description | Advantages | Disadvantages |
|----------|--|---|--|
| E | <p>Step 1: Allocate funding to FNS-Regional Offices based on:</p> <ul style="list-style-type: none"> • Region’s share of national participation (one or over several years) [TBD: specific weight to be applied to this component], and • Region’s share of national number of programs with tailgating, home delivery, or stores [TBD: specific weight to be applied to this component]. <p>Step 2: FNS-Regional Offices conduct individual budget negotiations with each ITO/State agency (based on the availability of funding).</p> <p>Step 3: At discretion of each RO funds may be set aside for emergency needs.</p> | <ul style="list-style-type: none"> • Incorporates full budget negotiation • Negotiations account for operational differences/special needs through negotiation • Provides objective basis for distributing funds among ROs • ROs could maintain current review procedures • Provides mechanism for adapting to changes in circumstances over time | <ul style="list-style-type: none"> • Requires budget submissions each year • Regional funding may change from year to year based on changes in participation • No uniformity in review procedures if each RO conducts negotiations • ITOs/State agencies would be competing regionally for funds |
| F | <p>Step 1: Determine each ITO’s/State agency’s federal allocation for the most recent fiscal year and increase by an inflation factor. [TBD: the inflation factor]</p> <p>Step 2: Determine/calculate each ITO’s/State agency’s average allocation over three years.</p> <p>Step 3: Determine the higher amount that is the result of Step 1 or Step 2. This is the ITO’s/SA’s allocation amount.</p> <p>Step 4: Any remaining funds are reserved for emergency funding needs/negotiation.</p> | <ul style="list-style-type: none"> • A gradual implementation plan is not required; this option guarantees no reduction of funds from one year to the next. • Provides inflationary increase each year. • A set aside for emergency funds would provide FNS Regional Offices the ability to address ITO/SA emergency needs. • No need for budget submissions; would streamline the funding process. | <ul style="list-style-type: none"> • Use of current/past allocations would perpetuate current funding inequities • No guarantee on the amount of funds available to be provided under the inflation factor. • The inflation factor may not be enough to correct past inequities. • No guarantee on the amount of funds available per Region for emergency funding needs. • Does not provide any negotiation unless funds are remaining. |

| Proposal | Draft Description | Advantages | Proposal |
|----------|---|---|---|
| G | <p>Step 1: Regional Negotiated Amount--Set aside a portion of the appropriation for negotiation between the ROs and the ITOs/State agencies. The amount each RO receives is based on its share of national participation averaged for the most recent three-year period. [TBD: the percentage of the set aside]</p> <p>Step 2: Assign a Base Amount to each ITO/State agency-- Beginning with a base amount of \$10,000 the first year, add an inflation factor each year to the base amount.</p> <p>Step 3: Assign a Participation-driven Amount to each ITO/State agency—Calculate each ITO’s/State agency’s share of the remaining available funding based on their share of the national participation level averaged for the most recent three-year period.</p> <p>Step 4: For each ITO/State agency combine the amounts in Step 2 and 3. This is the total basic grant amount each ITO and State agency would receive.</p> <p>Step 5: ITOs/State agencies that need funding in excess of the combined amount in Step 4, would submit a request for additional funding to the RO. The RO would negotiate with the ITO/State agency for the additional funding (based on the availability of funding).</p> | <ul style="list-style-type: none"> • Incorporates individual negotiation • Base Amount ensures that smaller programs will receive adequate funding • Negotiations account for operational differences/special needs • Provides inflationary increase each year • Provides objective basis for distributing a portion of the funds to ITOs/State agencies | <ul style="list-style-type: none"> • Does not offer total budget negotiation • No uniformity in review procedures if each RO conducts negotiations • ITOs/State agencies would be competing regionally for additional funding • ITOs/State agencies that do a better job at supporting budget would have an advantage in obtaining additional funding |

Summary

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4/19/07