

Subject: New Funding Methodology for the Food Distribution Program on Indian Reservations (FDPIR)

Dear FDPIR Program Director:

In 2005, Under Secretary Eric Bost asked the Food and Nutrition Service (FNS) to convene a work group for the purpose of developing a new funding methodology for the allocation of federal funds to FDPIR. The work group was asked to take on this task because of concerns that the current funding methodology for FDPIR does not provide an equitable basis for allocating funds. FDPIR administrative funds are distributed to FNS Regional Offices based on historical percentages for which the basis is unknown.

On April 24, 2006, at the National Association of Food Distribution Programs on Indian Reservations (NAFDPIR) conference in Seattle, Washington, Tony Nertoli, NAFDPIR President, and Nancy Theodore, FNS, briefed the conference attendees on the progress made to date by the FDPIR Funding Work Group. As discussed at the conference, the work group is considering several proposals, but *we have not yet decided upon a final recommendation.*

Attached is a list of proposed funding methodologies that we have considered, along with the perceived advantages and disadvantages of each proposal. Also included is some background information on the critical issues carefully considered by the work group. For more information on the deliberations of the work group, including summaries of our meetings and conference calls, please visit the FNS website at <http://www.fns.usda.gov/fdd/programs/fdpir/FundingWkGrp/default.htm>

Also attached is a list of the current work group members. The work group members are representatives from Indian Tribal Organizations (ITO) and State agencies that administer FDPIR, as well as representatives from FNS Regional Offices and Headquarters Office.

The work group will meet again soon to develop a preliminary recommendation, which will be provided to you **and** your Tribal or State officials for comment, as part of the consultation process. At this time, we welcome your input, and that of your Tribal or State officials, on what funding methodology or methodologies should be included in the work group's preliminary recommendation. In particular, we wish to hear back from you on the guidelines established by the work group, and the features you would like to see incorporated in a funding methodology (see the attachments for a discussion of the guidelines and potential features of a funding methodology). We recognize that your views cannot be taken as representative of your Tribal council or State agency, but your feedback is invaluable at this point.

Please forward your input to a work group member (see the attached contact information) or to Nancy Theodore by **COB June 30, 2006**. Nancy may be contacted at:

USDA, Food and Nutrition Service
Food Distribution Division
3101 Park Center Drive, Room 506
Alexandria, Virginia 22302
Fax: (703) 305-1410
Email address: nancy.theodore@fns.usda.gov

Comments on the progress of the work group are welcome at any time. However, please be aware that comments on the methodology or methodologies to be included in the preliminary recommendation that are received after June 30 may not receive full consideration by the work group since we hope to meet soon to develop our preliminary recommendation.

Once the preliminary recommendation is prepared, we will forward it to you **and** your Tribal or State officials with a request for comments. A separate comment period will be established for you and your Tribal or State officials to submit comments on the preliminary recommendation. Input received during that comment period will be considered by the work group before making a final recommendation to FNS.

We believe that the ITOs and State agencies are entitled to a system of allocating funds that is equitable, predictable, and easy to understand. We encourage your active participation in achieving this critical goal. If you have any questions or comments, please contact any of the work group members listed on the attached chart. We look forward to hearing from you!

Sincerely,

FDPIR Funding Work Group

Attachments

FDPIR Funding Methodology Work Group

Previous Efforts to Develop a New Funding Methodology

In 1998, FNS initiated a business process reengineering project to streamline and improve its commodity programs. In 1999, the Trailblazers for New-Triton (TNT) team was convened to develop recommendations for improving the administration and operation of FDPIR. In response to two NAFDPIR resolutions (one in 1994 and one in 1998) that called for the development of an equitable methodology for the allocation of FDPIR administrative funds to the ITOs and State agencies, the TNT team began work on developing a new funding methodology.

The TNT team developed proposals for three funding models. The TNT team sent to all participating Tribal and State governments, as well as all ITO and State FDPIR Program Directors, a detailed description of the administrative funds allocation issue, the three proposed models, and the hypothetical impact of each model on the federal funding of the ITOs and State agencies. A discussion of the proposed models and the factors considered in developing them was held at the 1999 NAFDPIR annual conference. Following a review of the comments received, the TNT team finalized its recommendation, which was presented for discussion at the 2000 NAFDPIR annual conference. However, further efforts to develop and implement a new funding methodology were suspended when a resolution passed by the NAFDPIR membership at the 2000 annual conference withdrew support for a new methodology. Another resolution calling for the NAFDPIR Board to develop a funding methodology was presented at the 2003 annual conference, but was withdrawn by motion of the membership.

Basis for Need for a New Funding Methodology

Although the NAFDPIR resolution passed in 2000 withdrew support for the proposed TNT funding methodology, FNS is aware of a strong persistent interest among NAFDPIR's membership for an equitable method of distribution of administrative funding.

The current allocation method involves the distribution of appropriated funds to FNS' Regional Offices based on percentages that have been used for many years. However, these percentages are not consistent with each Region's share of the national average monthly participation, and the basis for these percentages is unknown.

Chart 1, below, identifies each Region's percentage share of administrative funding (Col B) and each Region's percentage share of the national participation level (Col C).

Chart 1:

Col A	Col B	Col C
FNS Regional Office	Percentage of Current Funding Allocation	Percentage of FY 2005 National Average Monthly Participation
NERO	0.97%	0.38%
SERO	0.77%	1.35%
MWRO	10.96%	8.85%
MPRO	28.48%	23.80%
SWRO	27.03%	35.83%
WRO	31.79%	29.79%
Total	100%	100%

The FNS Regional Offices allocate the administrative funds they receive to the ITOs and State agencies based on individual negotiated budgets. This process is time-consuming for both the FNS Regional Offices and the ITOs/State agencies.

Each FNS Regional Office has developed its own objectives and methodology for the negotiation process, which has resulted in inconsistencies across regions. Individual FDPIR programs with similar size and other characteristics, but located in different regions, often receive significantly different administrative funding amounts.

FNS is committed to the development of a federal funding methodology for FDPIR that:

- allocates funds on an equitable basis;
- has an objective basis that is easy to understand; and
- is administratively efficient to implement.

FDPIR Funding Methodology Work Group Members

The work group is comprised of representatives of Indian Tribal Organizations (ITOs) and State agencies that administer the Food Distribution Program on Indian Reservations (FDPIR), representatives of Food and Nutrition Service Regional Offices, and FNS Headquarters staff. Attached is a list of the current work group members. There has been some change to the original membership. Replacements were sought when members were no longer able to participate due to retirement and other reasons.

Data Collection and Review

The work group conducted an extensive collection of data for its review, including cost category data from the individual FY 2005 FDPIR approved budgets (e.g., personnel costs, equipment, building lease/rent, tailgating expenses, etc.), matching amounts and rates, indirect cost amounts and rates, number of full-time equivalent positions, and average monthly participation.

The work group discussed program operations and the common functions that all programs must conduct, including certification, household issuance, storage of commodities, reporting, monitoring, training, outreach, etc. The work group also discussed the differences that make each program unique. For example, programs range in size from an average of 23 participants per month to over 10,000 participants per month. Many ITOs administer the program out of one main location; however, some ITOs have several offices/warehouses where certifications and issuances are conducted. Other ITOs have established FDPIR self-serve stores where participants can “shop” for their commodities in a setting similar to a grocery store.

Many of the ITOs offer tailgating services to remote locations and home delivery to accommodate individuals with disabilities and the elderly. Some ITOs travel over one hundred miles to a tailgate site. Also, some programs are operated within the borders of one reservation, while in other instances a Tribe or a consortium of Tribes provides FDPIR services to as many as 20 Tribes.

Guidelines for Considering Proposed Funding Methodologies

Chart 2, below, discusses the guidelines established by the work group for considering the various funding methodologies:

Chart 2:

Guidelines	Discussion
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.	Since there are many common functions performed by the ITOs and State agencies, the work group agreed that a funding formula might be able to address these commonalities. However, the work group recognizes that there are operational differences among the ITOs and State agencies that would be difficult to account for in a formula. The work group also wanted to maintain the ITOs' ability to negotiate funding. One possible solution would be to set aside funds for meeting the ITOs' individual operations needs. ITOs and FNS Regional Offices would negotiate on the amount of additional funds that would be needed to supplement the formula-driven grant amounts each ITO has already received.
Must ensure that the smallest ITOs have sufficient funding for basic operations.	The work group agreed that the smallest ITOs should receive administrative funding that is comparable to current allocations (i.e., \$15,641 and \$24,136 in FY 2005). For example, participation is a primary cost driver and an equitable determinant, but if used alone it does not provide sufficient funding for the smallest ITOs. A base grant amount would be needed in conjunction with participation to ensure that the smallest ITOs/State agencies receive sufficient funding for basic operations.
Must be equitable.	The work group recognizes that that there is no perfect funding methodology that will please all of the FDPIR programs. However, it is crucial that the funding methodology adopted for FDPIR will treat all ITOs and State agencies equitably, and will not perpetuate the current inequities in funding.
Must be easily understood.	The work group agreed that the funding methodology should not be too complicated or hard to understand.
Must be administratively efficient to implement.	It was FNS' stated objective that the funding methodology adopted for FDPIR would allow ITO/State agency allocations to be calculated at the FNS headquarters level, so that comprehensive annual budget negotiations at the FNS Regional Office level would be eliminated. However, the work group recognizes the importance of maintaining the ITOs' ability to negotiate funding to ensure that operational differences are properly funded. A balance must be reached between a streamline formula-driven approach and a resource-laden budget negotiation process.
Must include a plan for a gradual implementation to minimize large increases or decreases in funding as the new funding methodology is implemented.	The work group agreed that a gradual implementation would be necessary to minimize the impacts of the new funding methodology in redistributing funds.
All available appropriated funding should be used for allocating administrative funding for program operations.	The work group agreed that separate appropriations should be sought to fund infrastructure needs and nutrition education. However, until these funds are appropriated, the work group recognizes that a set aside of funds will continue to be needed for Nutrition Education.

Funding Methodologies Considered by the Work Group

To date, the work group has considered 14 separate proposals. Attached is **Chart 3** that describes the 14 proposals and lists the perceived advantages and disadvantages of each. Most of these proposals contain the following basic features that appear either alone or in combination:

- **Tiering for Economies of Scale** – This feature ranks the ITOs/State agencies based on the number of participants they serve, and establishes tiers (e.g., participation levels of less than 200; 200-399; 400-599; etc.). This feature is designed to account for economies of scale by which larger programs can operate more efficiently. However, it may be difficult to objectively determine how the ranked ITOs and State agencies should be divided into tiers.
- **Per Participant Grant Amount** – This feature provides each ITO/State agency with a specific amount of funding for each participant. The amount could be the same for all programs or graduated by tier to recognize that programs with more participants may have higher associated costs (e.g., more staff, larger facilities). This feature proposes that total operational costs can be translated into a cost per participant. However, given the variation in operations it may be difficult to objectively determine a per participant grant amount because there is no data on what it *should* cost to efficiently and effectively serve a participant.
- **Base Grant Amounts** – This feature provides a portion of the total available funding as a lump-sum amount to each ITO/State agency to account for administrative expenses that are common to all programs. (The remaining available funding may be allocated using one or more of the other features described here). The base grant amount could be the same for all programs or graduated by tier to recognize that programs with more participants may have higher base costs. Also, this feature may be used to ensure that small ITOs/State agencies have sufficient funding to operate the basic functions required under FDPIR. However, it may be difficult to objectively determine a base grant amount because there is no data on what it *should* cost to efficiently and effectively perform the basic functions required under FDPIR.
- **Participation-Based Grant Amounts** – This feature allocates funding based on each ITO's State agency's share of the national participation level. For example, a program that has 1 percent of the national participation level would receive 1 percent of the available funding. This feature proposes that participation is a major driver of program costs. However, this feature alone may not provide sufficient funding to ITOs/State agencies that serve a low number of participants, but still must perform the same basic functions as larger ITOs/State agencies.
- **Allocations Based on Other Cost Drivers (e.g., degree of tailgating or number of warehouses/issuance sites)** – Many ITOs/State agencies incur major expenses associated with cost drivers, such as tailgating or multiple warehouses/issuance sites. This feature would provide additional funds to those ITOs/State agencies for specific cost drivers. However, it may be difficult to objectively determine specific funding levels for the cost drivers. For example, since ITOs State agencies vary by number of tailgates conducted each month and the number of miles traveled, it may be difficult to determine specific funding levels for the various degrees of intensity of tailgating operations.
- **Regional Negotiated Funding Amounts** – This feature gives each FNS Regional Office an amount of funding to allocate among the ITOs/State agencies at the region's discretion. The amount of this funding could be determined as a residual after other features are applied or could be set aside as a

specific percentage (e.g., 15 percent) of the total available funding. This feature proposes that programs may have individual operational needs or have emergency requirements that cannot be accounted for in a funding formula based on participation or other cost drivers. It can also be used to minimize funding reductions in the initial implementation of a new funding methodology. However, it requires FNS and the ITOs/State agencies to invest time in developing and evaluating requests for a share of this funding.

FDPIR Funding Methodology Work Group Methodologies Considered

NOTE: The following options are under consideration by the work group. The advantages and disadvantages, as perceived by the work group members, are also listed.

A gradual implementation plan will be an integral part of any funding methodology that is adopted. The gradual implementation plan would minimize or eliminate any reductions in funding from one year to the next.

The reviewer is asked to consider the various features of the methodologies described below. The specific per participant amounts, base amounts, and tier levels used in the descriptions below are provided for illustration purposes only, and are subject to change.

Option	Features	Advantages	Disadvantages																
<p>1 Graduated per participant amount; Indeterminate Regional negotiated funds</p>	<ul style="list-style-type: none"> ▪ ITOs/SAs would be ranked by participation and grouped in tiers. All ITOs/SAs in each tier would be assigned a per participant amount that is graduated by tier (i.e., due to economies of scale, the smaller ITOs/SAs would receive a higher per participant amount). <p>Example: Tiers Based on Number of Participants</p> <table border="1" style="margin-left: 20px;"> <tr><td>1-100</td><td>Graduated Per Participant Amounts by Tier</td></tr> <tr><td>101-400</td><td>\$600</td></tr> <tr><td>401-500</td><td>\$350</td></tr> <tr><td>501-1000</td><td>\$300</td></tr> <tr><td>1001-2000</td><td>\$250</td></tr> <tr><td>2001-6000</td><td>\$200</td></tr> <tr><td>>6000</td><td>\$175</td></tr> <tr><td></td><td>\$150</td></tr> </table>	1-100	Graduated Per Participant Amounts by Tier	101-400	\$600	401-500	\$350	501-1000	\$300	1001-2000	\$250	2001-6000	\$200	>6000	\$175		\$150	<ul style="list-style-type: none"> ▪ The example given would result in approximately the same number of ITOs that lose funding as those that gain funding within each tier, based on current funding and participation levels. ▪ A set aside for Regional negotiated funds would provide the FNS Regional Offices with the latitude to provide additional funding to the ITOs/SAs based on individual operational needs, and would maintain the ability of the ITOs/SAs to negotiate funding for their programs. ▪ Economies of scale - Smaller programs would receive a higher per participant amount. 	<ul style="list-style-type: none"> ▪ Perpetuates current inequities - Use of per participant amounts calculated from current allocations would perpetuate current funding inequities. ▪ No guarantee of Regional negotiated funds to meet individual operational needs - Future changes in participation and available funding could reduce the amount of funds available for Regional negotiated funding. ▪ There is no objective basis for setting tiers.
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Option	Features	Advantages	Disadvantages																										
<p>2. The previous year allocation plus inflation factor, OR an allocation based on the average per participant amount over the most recent three years multiplied by the average participation over the most recent three years</p>	<ul style="list-style-type: none"> All ITOs/SAs would receive the higher amount of either: <ol style="list-style-type: none"> The previous year's allocation plus an inflation factor; or Allocation based on the average per participant amount over the most recent three years multiplied by the average participation over the most recent three years. The inflation factor percentage would be dependent on the availability of funds. To account for past inequities, the inflation percentage could be differentially applied (e.g., the ITOs in some regions could get 5%, others 6%). Any remaining funds would be allocated to the FNS Regional Offices as a percentage of the Region's allocation to be reserved for emergency funding needs. 	<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 some amount of inflation increase (or an additional amount) to each ITO/SA. A set aside for emergency funds would provide FNS Regional Offices the ability to address ITO/SA emergency funding needs. No need for full budget submissions; would streamline the funding process. 	<ul style="list-style-type: none"> Use of per participant amounts calculated from current allocations would perpetuate current funding inequities No guarantee on the amount of funds available to be provided under the inflation factor. The inflation factor would not be useful in mitigating past inequities in those instances where ITOs receive an allocation based on the average per participant amount over the most recent three years multiplied by the average participation over the most recent three years. No guarantee on the amount of funds available per Region for emergency funding needs. Does not provide any funds for Regional negotiated funding. 																										
<p>3a Graduated median per participant amounts; Indeterminate Regional negotiated funds</p> <p>3b Graduated average per participant amounts; Indeterminate Regional negotiated funds</p>	<ul style="list-style-type: none"> ITOs/SAs would be ranked by participation and grouped in tiers. All ITOs/SAs in each tier would be assigned a per participant amount that is the current median or average per participant amount for that tier. <p>Example:</p> <table border="1" data-bbox="974 1120 1299 1814"> <thead> <tr> <th rowspan="2">Tiers Based on Number of Participants</th> <th colspan="2">Per Participant Amounts by Tier</th> </tr> <tr> <th>a. Median</th> <th>b. Average</th> </tr> </thead> <tbody> <tr> <td>1-100</td> <td>\$624</td> <td>\$726</td> </tr> <tr> <td>101-400</td> <td>\$368</td> <td>\$395</td> </tr> <tr> <td>401-500</td> <td>\$379</td> <td>\$340</td> </tr> <tr> <td>501-1000</td> <td>\$260</td> <td>\$270</td> </tr> <tr> <td>1001-2000</td> <td>\$215</td> <td>\$228</td> </tr> <tr> <td>2001-6000</td> <td>\$173</td> <td>\$172</td> </tr> <tr> <td>>6000</td> <td>\$179</td> <td>\$179</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Each ITO/SA would receive an allocation based on its number of participants multiplied by the median or average per participant amount for the tier in which the ITO/SA fell. Any remaining funds would be allocated to the FNS Regional Offices as negotiated funding amounts based on each Region's share of the national FIDPR participation level. 	Tiers Based on Number of Participants	Per Participant Amounts by Tier		a. Median	b. Average	1-100	\$624	\$726	101-400	\$368	\$395	401-500	\$379	\$340	501-1000	\$260	\$270	1001-2000	\$215	\$228	2001-6000	\$173	\$172	>6000	\$179	\$179	<ul style="list-style-type: none"> A set aside for Regional negotiated funds would provide the latitude to provide additional funding to the ITOs/SAs based on individual operational needs, and would maintain the ability of the ITOs/SAs to negotiate funding for their programs. Economics of scale - Smaller programs would receive a higher per participant amount. 	<ul style="list-style-type: none"> Perpetuates current inequities - Use of per participant amounts calculated from current allocations would perpetuate current funding inequities. No guarantee of Regional negotiated funds for individual operational needs Future changes in participation and available funding could reduce the amount of funds available for negotiated funding. There is no objective basis for setting tiers. Not equitable to ITOs/SAs within each tier - The median or average per participant amount may not provide sufficient funding for all ITOs/SAs within the tier.
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<p>4a Graduated median per participant amounts; Indeterminate Regional negotiated funds</p> <p>4b Graduated median per participant amounts; Indeterminate Regional negotiated funds</p>	<p>■ TIOs/SAs would be ranked by participation and grouped in tiers. All TIOs/SAs in each tier would be assigned a base amount that is the median or average allocation for that tier:</p> <p>Example: Tiers Based on Number of Participants</p> <table border="1" data-bbox="308 470 649 694"> <thead> <tr> <th colspan="2">Base Amount by Tier</th> </tr> <tr> <th>a. Median</th> <th>b. Average</th> </tr> </thead> <tbody> <tr> <td>1-100</td> <td>\$44,405</td> </tr> <tr> <td>101-200</td> <td>\$57,091</td> </tr> <tr> <td>201-400</td> <td>\$126,172</td> </tr> <tr> <td>401-600</td> <td>\$172,283</td> </tr> <tr> <td>601-1000</td> <td>\$184,724</td> </tr> <tr> <td>1001-2000</td> <td>\$292,857</td> </tr> <tr> <td>2001-3000</td> <td>\$518,819</td> </tr> <tr> <td>3001-6000</td> <td>\$656,251</td> </tr> <tr> <td>>6000</td> <td>\$1,877,969</td> </tr> </tbody> </table> <p>■ Any remaining funds would be allocated to the FNS Regional Offices as negotiated funding amounts based on each Region's share of the national FIPIR participation level.</p>	Base Amount by Tier		a. Median	b. Average	1-100	\$44,405	101-200	\$57,091	201-400	\$126,172	401-600	\$172,283	601-1000	\$184,724	1001-2000	\$292,857	2001-3000	\$518,819	3001-6000	\$656,251	>6000	\$1,877,969	<p>■ A set aside for Regional negotiated funds would provide the FNS Regional Offices with the latitude to provide additional funding to the TIOs/SAs based on individual operational needs, and would maintain the ability of the TIOs/SAs to negotiate funding for their programs.</p> <p>■ Larger programs would receive a higher base amount.</p>	<p>■ Perpetuates current inequities Use of a base amount calculated from current allocations would perpetuate current funding inequities.</p> <p>■ No guarantee of Regional negotiated funds for individual operational needs</p> <p>■ Future changes in participation and available funding could reduce the amount of funds available for negotiated funding.</p> <p>■ There is no objective basis for setting tiers.</p> <p>■ Not equitable to TIOs/SAs within each tier The median or average base amount may not provide sufficient funding for all TIOs/SAs within the tier.</p>
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Option

5

Graduated per participant amounts; Indeterminate Regional negotiated funds

Features

- TIOs/SAs would be ranked by participation and grouped in tiers. All TIOs/SAs in each tier would be assigned a per participant amount equal to the current lowest per participant amount within that tier.

Example:

Tiers Based on

Number of Participants

1-100	Lowest Per Participant Amount by Tier
101-200	\$319
201-400	\$214
401-600	\$303
601-1000	\$188
1001-2000	\$112
2001-3000	\$170
3001-6000	\$201
>6001-	\$126
	\$119

- Each TIOs/SAs would receive an allocation based on its number of participants multiplied by the lowest per participant amount for the tier in which the TIO/SA fell.
- Any remaining funds would be allocated to the FNS Regional Offices as negotiated funding amounts based on each Region's share of the national FDP/IR participation level.

Advantages

- A set aside for Regional negotiated funds would provide the FNS Regional Offices with the latitude to provide additional funding to the TIOs/SAs based on individual operational needs, and would maintain the ability of the TIOs/SAs to negotiate funding for their programs.
- Economies of scale - Smaller programs would receive a higher per participant amount.

Disadvantages

- Not equitable to TIOs/SAs within each tier - Although one TIO within the tier appears to be able to serve a certain number of participants based on that per participant amount, it does not follow that all TIOs/SAs within the tier would be able to do so.
- Perpetuates current inequities - Use of per participant amounts calculated from current allocations would perpetuate current funding inequities.
- There is no objective basis for setting tiers.
- No guarantee of Regional negotiated funds for individual operational needs - Future changes in participation and available funding could reduce the amount of funds available for negotiated funding.

Option	Features	Advantages	Disadvantages														
<p>6a Fixed Regional negotiated funds; Graduated base amounts; Participation-based grant amounts</p>	<ul style="list-style-type: none"> A percentage of the available funding is set aside for negotiated funding (e.g., 15%) and allocated to the FNS Regional Offices based on each Region's share of the national FDPPIR participation level. I/Os/SAs would be ranked by participation and grouped in tiers. All I/Os/SAs in each tier would be assigned a base amount that is graduated by tier. <p>Example: Tiers Based on Number of Participant</p> <table border="1" data-bbox="406 548 690 1064"> <thead> <tr> <th>Number of Participant</th> <th>Graduated Base Amounts by Tier</th> </tr> </thead> <tbody> <tr> <td>1-199</td> <td>\$20,000</td> </tr> <tr> <td>200-499</td> <td>\$25,000</td> </tr> <tr> <td>500-999</td> <td>\$30,000</td> </tr> <tr> <td>1000-3999</td> <td>\$35,000</td> </tr> <tr> <td>4000-9999</td> <td>\$40,000</td> </tr> <tr> <td>>10,000</td> <td>\$50,000</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The remaining funds would be allocated to the I/Os/SAs based on their share of the national FDPPIR participation level. 	Number of Participant	Graduated Base Amounts by Tier	1-199	\$20,000	200-499	\$25,000	500-999	\$30,000	1000-3999	\$35,000	4000-9999	\$40,000	>10,000	\$50,000	<ul style="list-style-type: none"> A portion of the funds would be distributed equitably (i.e., based on participation). The lowest base amount would ensure that the smaller I/Os/SAs receive funding that is equal to or greater than the lowest current allocation. A guaranteed amount would be set aside for the FNS Regional Offices to provide additional funding to the I/Os/SAs based on individual operational needs, and would maintain the ability of the I/Os/SAs to negotiate funding for their programs. 	<ul style="list-style-type: none"> There is no objective basis for determining the percentage for the Regional negotiated funds. There is no objective basis for setting the base amounts.
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1-199	\$20,000																
200-499	\$25,000																
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4000-9999	\$40,000																
>10,000	\$50,000																
<p>6b Fixed Regional negotiated funds; Fixed base amounts; Participation-based grant amounts</p>	<ul style="list-style-type: none"> A percentage of the available funding is set aside for negotiated funding (e.g., 15%) and allocated to the FNS Regional Offices based on each Region's share of the national FDPPIR participation level. Each I/O/SA would receive the same base grant amount (e.g., \$15,000). The remaining funds would be allocated to the I/Os/SAs based on their share of the national FDPPIR participation level. 	<ul style="list-style-type: none"> The bulk of the funds would be distributed equitably (i.e., based on participation). The fixed base amount would ensure that the smaller I/Os/SAs receive funding that is equal to or greater than the smallest current allocation. A guaranteed amount would be set aside for the FNS Regional Offices to provide additional funding to I/Os/SAs based on individual needs, and would maintain the ability of the I/Os/SAs to negotiate funding for their programs. 	<ul style="list-style-type: none"> There is no objective basis for determining the percentage for the Regional negotiated funds. 														
<p>7 Participation-based grant amounts</p>	<ul style="list-style-type: none"> Each I/O/SA would receive a share of the available funding that is proportional to its share of the national FDPPIR participation level. 	<ul style="list-style-type: none"> All of the available funds would be distributed equitably (i.e., based on participation). No need for full budget submissions; would streamline the funding process. 	<ul style="list-style-type: none"> Does not provide sufficient funding for smaller programs. The I/O with the least number of participants would receive only \$5778 in general administrative funding. Does not provide any funds for Regional negotiated funding. 														

Option	Features	Advantages	Disadvantages																
<p>8a Fixed base amount; Fixed per participant amount; Indeterminate Regional negotiated funds</p>	<ul style="list-style-type: none"> Each FTO/SA would receive the same base grant amount (e.g., \$10,000). Each FTO/SA would receive the same per participant amount for each participant (e.g., \$200). Any remaining funds would be allocated to the FNS Regional Offices as negotiated funding amounts based on each Region's share of the national FDPPIR participation level. 	<ul style="list-style-type: none"> A set aside for negotiated funds would provide the FNS Regional Offices with the latitude to provide additional funding to the FTOs/SAs based on individual operational needs, and would maintain the ability of the FTOs/SAs to negotiate funding for their programs. Treats all FTOs/SAs the same by providing the same base amount and same per participant amount. 	<ul style="list-style-type: none"> No guarantee of Regional negotiated funds - Future changes in participation and available funding could reduce the amount of funds available for negotiated funding. There is no objective basis for setting the base amount or the per participant amount. 																
<p>8b Fixed base amount; Graduated per participant amount; Indeterminate Regional negotiated funds</p>	<ul style="list-style-type: none"> Each FTO/SA would also receive the same base grant amount (e.g., \$10,000). FTOs/SAs would be ranked by participation and grouped in tiers. All FTOs/SAs in each tier would be assigned a per participant amount that is graduated by tier (i.e., due to economies of scale, the smaller FTOs/SAs would receive a higher per participant amount). <p>Example: Tiers Based on Number of Participants</p> <table border="1" data-bbox="779 1075 1055 1456"> <thead> <tr> <th>Number of Participants</th> <th>Graduated Per Participant Amount by Tier</th> </tr> </thead> <tbody> <tr> <td>1-100</td> <td>\$600</td> </tr> <tr> <td>101-400</td> <td>\$350</td> </tr> <tr> <td>401-500</td> <td>\$300</td> </tr> <tr> <td>501-1000</td> <td>\$250</td> </tr> <tr> <td>1001-2000</td> <td>\$200</td> </tr> <tr> <td>2001-6000</td> <td>\$175</td> </tr> <tr> <td>>6000</td> <td>\$150</td> </tr> </tbody> </table>	Number of Participants	Graduated Per Participant Amount by Tier	1-100	\$600	101-400	\$350	401-500	\$300	501-1000	\$250	1001-2000	\$200	2001-6000	\$175	>6000	\$150	<ul style="list-style-type: none"> A set aside for negotiated funds would provide the FNS Regional Offices with the latitude to provide additional funding to the FTOs/SAs based on individual operational needs, and would maintain the ability of the FTOs/SAs to negotiate funding for their programs. Economies of scale - Smaller programs would receive a higher per participant amount. Treats all FTOs/SAs the same by providing the same base amount. 	<ul style="list-style-type: none"> Perpetuates current inequities - Use of per participant amounts calculated from current allocations would perpetuate current funding inequities. No guarantee of Regional negotiated funds - Future changes in participation and available funding could reduce the amount of funds available for negotiated funding. There is no objective basis for setting tiers or the base amount.
Number of Participants	Graduated Per Participant Amount by Tier																		
1-100	\$600																		
101-400	\$350																		
401-500	\$300																		
501-1000	\$250																		
1001-2000	\$200																		
2001-6000	\$175																		
>6000	\$150																		
	<ul style="list-style-type: none"> Each FTO/SA would receive an allocation based on its number of participants multiplied by the per participant amount for the tier in which the FTO/SA fell. Any remaining funds would be allocated to the FNS Regional Offices as negotiated funding amounts based on each Region's share of the national FDPPIR participation level. 																		

Option	Features	Advantages	Disadvantages																								
<p>9</p> <p>Graduated base amounts; Allocations based on other cost drivers (tailgating)</p>	<ul style="list-style-type: none"> ITOs/SAs would be ranked by participation and grouped in tiers. All ITOs/SAs in each tier would be assigned a base amount that is graduated by tier (i.e., the larger ITOs/SAs would receive a higher base amount). <p>Example: Tiers Based on Number of Participants</p> <table border="1"> <thead> <tr> <th>Number of Participants</th> <th>Graduated Base Amounts by Tier</th> </tr> </thead> <tbody> <tr> <td>1-500</td> <td>\$10,000</td> </tr> <tr> <td>501-1000</td> <td>\$15,000</td> </tr> <tr> <td>>1001</td> <td>\$20,000</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Within each tier, the ITOs/SAs would receive additional amounts based on whether they had tailgate or no tailgate operations. <p>Example: Tier</p> <table border="1"> <thead> <tr> <th>Tier</th> <th>Non-Tailgate</th> <th>Tailgate</th> </tr> </thead> <tbody> <tr> <td>1-500</td> <td>\$10,000</td> <td>\$20,000</td> </tr> <tr> <td>501-1000</td> <td>\$15,000</td> <td>\$35,000</td> </tr> <tr> <td>>1001</td> <td>\$20,000</td> <td>\$40,000</td> </tr> </tbody> </table>	Number of Participants	Graduated Base Amounts by Tier	1-500	\$10,000	501-1000	\$15,000	>1001	\$20,000	Tier	Non-Tailgate	Tailgate	1-500	\$10,000	\$20,000	501-1000	\$15,000	\$35,000	>1001	\$20,000	\$40,000	<ul style="list-style-type: none"> Larger programs receive a higher base amount. Operations that have tailgating would receive additional funds. No need for full budget submissions; would streamline the funding process. 	<ul style="list-style-type: none"> There is no objective basis for setting tiers and graduated base amounts. Tailgating is only one factor in determining operational costs, and should not receive priority over all other cost drivers. Does not distinguish between operations that have extensive tailgating from those with less extensive tailgating. Might encourage programs to set up minimal tailgating operations in order to receive more funding. Does not provide any funds for Regional negotiated funding. 				
Number of Participants	Graduated Base Amounts by Tier																										
1-500	\$10,000																										
501-1000	\$15,000																										
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Tier	Non-Tailgate	Tailgate																									
1-500	\$10,000	\$20,000																									
501-1000	\$15,000	\$35,000																									
>1001	\$20,000	\$40,000																									
<p>10</p> <p>Graduated base amounts; Graduated per participant amounts; Participation-based grant amounts</p>	<ul style="list-style-type: none"> ITOs/SAs would be ranked by participation and grouped in tiers. All ITOs/SAs in each tier would be assigned a base amount that is graduated by tier, and a per participant amount that is graduated by tier. <p>Example: Tiers Based on Number of Participant</p> <table border="1"> <thead> <tr> <th>Number of Participant</th> <th>Graduated Per Participant Amounts</th> <th>Graduated Base Amounts</th> </tr> </thead> <tbody> <tr> <td>1-100</td> <td>\$600</td> <td>\$20,000</td> </tr> <tr> <td>101-400</td> <td>\$350</td> <td>\$25,000</td> </tr> <tr> <td>401-500</td> <td>\$300</td> <td>\$30,000</td> </tr> <tr> <td>501-1000</td> <td>\$250</td> <td>\$35,000</td> </tr> <tr> <td>1001-2000</td> <td>\$200</td> <td>\$40,000</td> </tr> <tr> <td>2001-6000</td> <td>\$175</td> <td>\$45,000</td> </tr> <tr> <td>>6000</td> <td>\$150</td> <td>\$50,000</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Each ITO/SA would receive an allocation based on its number of participants multiplied by the per participant amount for the tier in which the ITO/SA fell. The remaining funds would be allocated to the ITOs/SAs based on their share of the national FIDPIR participation level. 	Number of Participant	Graduated Per Participant Amounts	Graduated Base Amounts	1-100	\$600	\$20,000	101-400	\$350	\$25,000	401-500	\$300	\$30,000	501-1000	\$250	\$35,000	1001-2000	\$200	\$40,000	2001-6000	\$175	\$45,000	>6000	\$150	\$50,000	<ul style="list-style-type: none"> Economies of scale - Smaller programs would receive a higher per participant amount. Larger programs receive a higher base amount. A portion of the funds would be distributed equitably (i.e., based on participation). No need for full budget submissions; would streamline the funding process. 	<ul style="list-style-type: none"> Complex. There is no objective basis for setting tiers. There is no objective basis for setting per participant amounts and base amounts. Does not provide any funds for Regional negotiated funding.
Number of Participant	Graduated Per Participant Amounts	Graduated Base Amounts																									
1-100	\$600	\$20,000																									
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