

## FY 2005 FDPIR Funding Methodology Work Group

### History of Efforts to Develop an Equitable and Rational Method for Allocating FDPIR Administrative Funding

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 a funding formula.

The TNT team developed three funding formula models, which were presented to the ITOs and State agencies with a request for comments. An open discussion of the models and the factors considered in developing the models was held at the 1999 NAFDPIR annual conference. In response to a request by the NAFDPIR membership, the comment period was extended. The TNT team also sent a detailed description of the administrative funds allocation issue, the three models, and the hypothetical impact of each model on the ITOs and State agencies to the Tribal and State governments. Upon consideration of all of the comments received, the TNT team finalized its recommendation in October 1999. The team's recommendation was presented for discussion at the 2000 NAFDPIR annual conference. Further efforts to develop and implement a funding formula were suspended when a resolution passed by NAFDPIR at its 2000 annual conference withdrew support for a formula. Another resolution calling for the NAFDPIR Board to develop a funding formula was presented at the 2003 annual conference, but was withdrawn by motion of the membership. Nevertheless, FNS is aware of an interest in a more equitable method of distribution of administrative funding among NAFDPIR's membership.

The current allocation method involves the distribution of appropriated funds to FNS' Regional Offices based on the following percentages:

<u>Regional Offices</u>	<u>Funding Allocation Percentages</u>
NERO	0.9714154
SERO	0.7750465
MWRO	10.9613158
MPRO	28.4786537
SWRO	27.026779
WRO	31.7867896

The above percentages have been used for many years, and the rationale for setting the percentages is no longer known.

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

Each 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.