

FDPIR Funding Methodology
Work Group
November 28, 2006
Preliminary Proposal

USDA, Food Distribution
Program on Indian
Reservations (FDPIR)

Need for Change

- Long-standing concerns that current administrative funds allocation process creates inequities among Indian Tribal Organizations (ITOs) and State Agencies.
- Food and Nutrition Service (FNS) Regional Offices receive funds based on historical percentages that have not changed in more than a decade, and each Regional Office has developed its own process for funds allocation.
- Fiscal Year (FY) 2006 FDPIR administrative funding ranged from \$129 to \$1,859 per participant.
- Need to make best use of our limited resources. Overall, ITOs, State Agencies and FNS devote significant staff time to developing and reviewing budgets.

Funding Methodology Work Group

Convened in 2005 to develop a proposal for a federal FDPIR administrative funding methodology that would:

- allocate funds on an equitable basis
- be objective and easy to understand
- be administratively efficient to implement

Work Group Members

- Eight representatives from ITOs and State Agencies that administer FDPIR

The President and Regional Vice Presidents from the National Association of Food Distribution Program on Indian Reservations are work group members.

- Five representatives from FNS Headquarters and Regional Offices



The Work Group developed a preliminary proposal, which was mailed to Tribal and State officials on November 28, 2006 for comment.

FNS is holding meetings with Tribal Leaders and State Agencies:

January 10 - Green Bay, WI

January 17- Oklahoma City, OK

January 24 - Rapid City, SD

January 30 - San Francisco, CA

Work Group's Guidelines for Developing a Proposal

- Fair
- Considers operational differences among the ITOs/State Agencies
- Maintains a component for negotiation
- Clear and easy to explain
- Efficient to implement
- Provides sufficient funding to programs with the fewest participants
- Includes a plan for gradual implementation
- Includes a plan for the reallocation of unobligated funds
- Objective

Preliminary Proposal

- Basic Grant Amount
- Regional Negotiated Amount

Basic Grant Amount

- Designed to accommodate basic administrative needs
- Each ITO/State Agency receives a Basic Grant Amount
- Calculated at FNS Headquarters

Basic Grant Amount

Three components determine each ITO's/State Agency's level of funding:

Component 1 - Fixed Base Amount

Component 2 - Past Expenditures

Component 3 - Participation-driven

Basic Grant Amount

Component 1: Fixed Base Amount

Amount: Each ITO/State Agency receives a \$10,000 grant.

Purpose: Covers a basic level of fixed operating costs. Ensures that programs with the fewest participants receive an adequate Basic Grant Amount.

Basic Grant Amount

Component 2: Past Expenditures

Amount: 5% of the highest federal share of expenditures in the last three years (excluding Nutrition Education and capital expenditures of \$50,000 or more). Large capital expenditures would be excluded to preclude basing future funding on large one-time expenses from past years.

Purpose: Accounts for historical spending levels by ITOs/State Agencies and allocated funds not expended.

Sample Computation: Component 2 Past Expenditures

Last Three Fiscal Years	Expenditures	Expenditure Amount Used for Computation	5% of Highest Expenditure in Last Three Years
FY 2003	\$450,000 (\$20,000 capital expenditure)	\$450,000	
FY 2004	\$475,000 (\$35,000 capital expenditure)	<u>\$475,000</u>	<u>\$23,750</u>
FY 2005	\$500,000 (\$55,000 capital expenditure)	\$445,000	

Basic Grant Amount

Component 3: Participation-driven

Provides bulk of funding for most programs

Amount: Percentage share of the national participation level averaged for the most recent three-year period.


Purpose: Participation is a primary cost driver. This component accounts for differences in the number of participants served by each program.

Sample Computation: Component 3 Participation-driven

FY 2003 Average Monthly Partici- pation	FY 2004 Average Monthly Partici- pation	FY 2005 Average Monthly Partici- pation	Average Monthly Participation: Average of Three Years	Percent of National Participation Averaged Over Three Years	If available funding for this component were \$20 million
488	521	557	522	0.5040%	\$100,800

Sample Computation: Total Basic Grant Amount

Component 1: Fixed Base Amount	\$10,000
Component 2: Past Expenditures	\$23,750
Component 3: Participation-driven	\$100,800
Total	\$134,550



What if the ITO/State
Agencies require more
funding than the
calculated Basic Grant
Amount?

Regional Negotiated Amount

- Each FNS Regional Office would receive a share of administrative funds to provide supplemental funding to the ITOs/State Agencies through negotiation.
- Designed to account for ITO/State Agency operational differences.
- A set percentage (e.g., 15 percent) of the federal appropriated amount would be set aside for this purpose.
- Each Regional Office's share of the funding would be calculated based on its share of participation averaged for the most recent three-year period.

Sample Computation: Regional Negotiated Amount

FY 2003 Total Regional Participation	FY 2004 Total Regional Participation	FY 2005 Total Regional Participation	Regional Participation: Average of Three Years	Percent of National Participation Averaged Over Three Years
25,385	24,897	23,570	24,617	23.77% →

Sample Computation: Regional Negotiated Amount Under Varying Set Aside Percentages

5% Set Aside	10% Set Aside	15% Set Aside	20% Set Aside	25% Set Aside
\$313,669	\$627,337	\$941,007	\$1,254,676	\$1,568,345

Regional Negotiated Amount

- The Regional Offices would distribute the available funds to the ITOs/State Agencies based on need as determined through individual budget negotiations.
- The Work Group, with your input, will develop guidelines for the negotiation process, to ensure consistency across regions.

Proposed Funding Allocation Process

- FNS headquarters calculates each ITO's/State Agency's Basic Grant Amount.
- FNS Regional Offices advise ITOs/State Agencies of their tentative Basic Grant Amounts (actual amounts would be contingent upon enactment of an appropriation bill).
- ITOs/State Agencies that do not need supplemental funding would not be required to submit a budget. Those ITOs/State Agencies would be allocated their Basic Grant Amount for the fiscal year.

Proposed Funding Allocation Process

- ITOs/State Agencies that determine they need supplemental funding above the Basic Grant Amount must submit budgets to their FNS Regional Office.
- The Regional Offices would negotiate with those ITOs/State Agencies that submit a budget request for supplemental funds, and allocate funds accordingly.



Critical Feature: Gradual Implementation Plan

- Multi-year phased-in implementation
- Designed to avoid a reduction in funding by any ITO/State Agency
- Limits the amount that any ITO/State Agency would gain during the gradual implementation period
- Each ITO/State Agency would receive a Basic Grant Amount that is no less than the federal allocation received the prior fiscal year

Preliminary Proposal: Overview

- Basic Grant Amount

 - Component 1: Fixed Base Amount

 - Component 2: Past Expenditures

 - Component 3: Participation-Driven

- Regional Negotiated Amount

- Gradual Implementation Plan

For More Information

FNS website:

[http://www.fns.usda.gov/fdd/
programs/fdpir](http://www.fns.usda.gov/fdd/programs/fdpir)

Click on: FDPIR Funding
Work Group Home Page

