

Funding Options

The Cooperative Forestry Research Program (McIntire-Stennis) was funded at \$1 million in 1962 and now has reached approximately \$22 million. Allocations of these funds are made on a formula basis to the individual states and federal territories. Recipient institutions are designated by respective governors. Since these funds have provided a foundation for university-based forest resources research, many universities have become dependent upon their allocation as part of the base funds supporting the research and graduate education enterprises of their institutions. In addition, the federal funds allocated to states must be matched 100% with non-federal funds. In effect, the \$22 million federal program is at minimum a \$44 million federal-state cooperative. Any change in the federal allocation could produce a change in the state match.

As the base dollars have increased over the past 44 years (usually in small increments every few years) the state match has increased without much difficulty. A significant redistribution of funds, particularly decreasing funds which would cause a double loss, would have a major effect on the program, and could lead to closure of some programs. Therefore, the alternative funding ideas identified below are designed to minimize the negative effects of major changes which would not allow meeting the research agenda laid out previously. Each model presented assumes a continuation of a McIntire-Stennis Cooperative Forestry Research Program as one element of a larger comprehensive forest and natural resources research program. Each model presented also assumes an approximate doubling of federal funds allocated to the program, except Option 3 which exceeds a doubling of federal funds. Given the huge need for natural resources research and research capacity building, especially in view of major changes due to climate change, population growth, and restoration needs, at least a doubling of the current federal investment is needed. In effect this would require increases averaging 7% per year and these increases might be targeted at Emerging and Integrative Areas of Knowledge.

The following four options are illustrations of the monetary consequences of different decisions. In selecting a path to follow we need to consider what we might be able to effectively negotiate with Congress and the Administration. Major decision variables are the level of increase, whether or not there is a competitive component, if a modest allocation from base funding is needed to leverage a competitive component and related increases, and the level of matching funding.

Option 1 Continuation of Base Only

Under this scenario the only principle not met would be the principle of reaping both nationally competitive and base program benefits. The trade offs for this would be predictable growth of the total program, the capacity to tackle emerging and integrative topics, increases in research capacity to meet the national need, and the assurance that programs would continue nation-wide and focus on the most pressing state and regional issues.

Option 2 Base-Competitive Hybrid 1

All of the principles can be met by developing a base-competitive hybrid model for the program. There are several potential scenarios with one being a base program with annual cost of expense adjustments and a competitive component of entirely new funds. Since administration of a competitive program requires a size threshold to achieve efficiency in management, approximately \$5 million of new money would be needed in the first year to establish a competitive component to the program. We suggest this is a minimally adequate size program to administer and further propose the addition of a second \$5 million in the second year. In addition, since this program is competitive and not cooperative, the matching requirement would be dropped from it and thus it would not double with each federal dollar added. A 10-year allocation for this scenario is laid out below.

Year	Base increase	Competitive increase	Increase \$	Total \$
1	3%	\$5 million	\$5,660,000	\$27,600,000
2	3%	\$5 million	\$5,679,800	\$33,279,800
3	3%	3%	\$1,194,000	\$34,279,994
4	3%	3%	\$1,030,200	\$35,310,194
5	3%	3%	\$1,061,106	\$36,371,300
6	3%	3%	\$1,092,939	\$37,464,239
7	3%	3%	\$1,125,727	\$38,589,966
8	3%	3%	\$1,159,499	\$39,749,465
9	3%	3%	\$1,194,284	\$40,943,749
10	3%	3%	\$1,230,112	\$42,173,860

The 10-year total federal figures for this option are the following: Base program, \$29,566,157, Competitive program, \$12,667,700, and total program, \$42,173,860.

This option gets close to doubling the federal funds in 10 years though the total program does not double since the competitive portion does not require a state match. The total program under this option after ten years is a \$71,780,000 program in contrast to the \$88,000,000 program under Option 1.

There are several options for direction of the competitive program and these are addressed below.

Option 3 Base-Competitive Hybrid 2

A more aggressive version of Option 2 would double the base program while the competitive program is grown. This alternative would fulfill all of the principles. It also would require the doubling of state match over the period of doubling the base program. A ten-year allocation for this scenario is laid out below.

Year	Base Increase	Competitive Increase	Increase\$	Total\$
1	7%	\$5 million	\$6,540,000	\$28,540,000

2	7%	\$5 million	\$6,647,800	\$35,187,800
3	7%	\$5 million	\$6,763,146	\$41,950,946
4	7%	5%	\$2,636,566	\$44,587,512
5	7%	5%	\$2,806,126	\$47,393,638
6	7%	5%	\$2,986,805	\$50,380,443
7	7%	5%	\$3,179,342	\$53,559,785
8	7%	5%	\$3,384,534	\$56,944,319
9	7%	5%	\$3,603,218	\$60,547,537
10	7%	5%	\$3,836,299	\$64,383,836

The 10-year total federal figures for this option are the following: Base program, \$43,277,330; Competitive program, \$21,106,596; Total program, \$64,383,836.

Under this option the federal funding for McIntire-Stennis more than doubles. The total program after ten years under this option, with matching funds for the base program, is \$107,661,166, in contrast to the \$88,000,000 program under Option 1.

Option 4 Base-Competitive Hybrid 3

A second base-competitive hybrid option would fund the competitive portion through a combination of new federal funds and a shift of some base funds into the program. Such a combination would show a clear willingness on the part of McIntire-Stennis schools to establish a viable competitive program as rapidly as possible, while ensuring that a minimally adequate base program is maintained. All of the principles for a program could be met under this option. A ten year allocation for this scenario is laid out below.

Year	Base	Base to Comp.	Comp. New	Increase \$	Total \$
1	21,660,000	1,000,000	4,000,000	4,000,000	26,660,000
2	20,660,000	1,000,000	4,000,000	4,000,000	30,660,000
3	19,660,000	1,000,000	3,000,000	3,000,000	33,660,000
4	18,660,000	1,000,000	2,000,000	2,000,000	36,660,000
5	3%	0	3%	3%	36,729,800
6	3%	0	3%	3%	37,831,694
7	3%	0	3%	3%	38,966,645
8	3%	0	3%	3%	40,135,645
9	3%	0	3%	3%	41,339,715
10	3%	0	3%	3%	42,579,907

The ten-year totals for this option are the following: Base Program, \$22,281,017, Competitive Program, \$20,298,890, and Total Program, \$42,579,907.

This option gets close to doubling the federal funds in 10 years though the total program does not double since the competitive program does not require a state match. The total

program under this option after ten years is a \$64,860,092 program in contrast to the \$88,000,000 program under Option 1.

Other Issues

Some topics still needing description are the following:

Regional research

Virtual Centers

Geographical

Topical

Place-Based Centers

Geographical

Topical