

National Sea Grant College Program Policy for the Allocation of Funds, FY 2014 and Beyond (September 23, 2014)

I. Purpose

The purpose of this document is to establish the policy governing the allocation of funds to the various elements of the National Sea Grant College Program. The document gives the general *Background* for this issue, states the *Goals and Objectives* the policy is intended to achieve, describes the various *Program Elements* of the Sea Grant Program that may be allocated funds, and outlines the principles that guide the *Distribution of Funds among the Program Elements*.

II. Background

A. Introduction

The National Sea Grant College Program Act of 1966 provided little guidance for the distribution of Sea Grant funds. The Act gave the National Science Foundation, the agency assigned to administer the National Sea Grant College Program, broad latitude regarding the distribution of funds with only one requirement, that “no state¹ should receive more than 15% of total appropriated funds.” Absent legislative guidance, the NSF, and then NOAA, applied peer review and open competition principles to establish a network of Sea Grant institutions and colleges. Grant funding allocations among the states followed these same principles as the Network grew, tempered by the desire to maintain a stable base of funding for the already-established Programs. The distribution of funds among Sea Grant Programs thus represented the evolution of a series of complex decisions since the Sea Grant Program began in 1966.

Starting in the late 1990's, major management changes were introduced to the Sea Grant Program in response to a 1994 National Research Council study that called for a more decentralized organizational structure and greater focus on performance. The management changes were accompanied by revisions in the process used to distribute Sea Grant funds among the Sea Grant Programs. The concept of supplementing base funding with performance-based merit funding determined through rigorous evaluations was introduced formally in 1998 (*Allocations for FY 1998 and Beyond*) as were National Strategic Investments (NSIs) – national competitions open to all programs. Base funding was set to the level each Program received in FY 1995. Two operating guidelines were established to further define the Program: 1) Approximately 50% of the federal funds allocated to Program core funding were to be used to support peer-reviewed research and education projects awarded competitively; and 2) No more than 10% of the core funding could be designated for program development purposes in any one year.

Following the 2002 reauthorization of the National Sea Grant College Program, a revised policy document, “*Policy for the Allocation of Funds, FY 2003 and Beyond*,” was developed by a joint

¹ The term “state” is used throughout this document as defined in the Sea Grant Act: “any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Mariana Islands, or any other territory or possession of the United States.”

committee of the National Sea Grant Review Panel, the Sea Grant Association (SGA), and the National Sea Grant Office (NSGO) to guide the allocation of appropriated funds in a manner consistent with the new legislation. The new policy maintained many of the principles and much of the guidance presented in the 1998 document but also included several new concepts: 1) A minimum base funding level of \$1.2M for each Sea Grant Institutional and College Program; 2) Program Development awards to enhance specific programmatic activities; and 3) Provisions for the development and funding of new Programs. Base funding for the Programs was reset to the level each Program received in FY 2003. Due to a lack of resources, the minimum base funding was not able to be implemented.

It has been over a decade since that policy was put in place, and the growth that was necessary to fund many of the new initiatives has not occurred. Instead, state austerity budgets, coupled with years of relatively flat Federal funding and continued inflation, have increased the financial pressure on all Sea Grant Programs. This has been especially difficult for the smaller programs that have less ability to absorb budget cuts. The Sea Grant reauthorization of 2008 did not contain any major changes that would help alleviate the budget problems of the Programs.

To address this issue, in 2010 the National Sea Grant Advisory Board was asked to take a fresh look at Sea Grant's allocation policy with the objective "To develop policies and criteria for allocating Sea Grant funding resources that will be consistent with Sea Grant's legislative authority and will maximize the effectiveness, efficiency, and impact of the National Sea Grant College Program." Two joint subcommittees, including members from the Advisory Board, the SGA, and the NSGO, addressed this issue. The first subcommittee reported back to the Board in September 2011 with a framework for allocation, and the second subcommittee developed that framework into recommendations for implementation in 2013 (*National Sea Grant Allocation Committee #3: Report to the National Sea Grant Advisory Board*).

The most significant policy change that was recommended was to shift the primary determinant of base funding allocation among the Programs to more equitably reflect stakeholder need, represented by coastal population and shoreline. The concept of a minimum level of base funding was reaffirmed and it was also recommended that about 3/4 of the Sea Grant appropriation should be dedicated to base, merit and regional funding with the remainder to be set aside to support national activities. The report was transmitted to the Sea Grant Network and was followed by an extensive dialogue on whether and how to implement the recommendations. Based on that discussion, the implementation plan was modified substantially to ensure that the movement toward need-based funding would only occur as the overall pool of base funding increased. The significant increase in the FY 2014 appropriation for Sea Grant provided just that opportunity, and the process of rebalancing the allocation of base funds across the Sea Grant Network was initiated.

III. Goals and Objectives

Consistent with the intent of Congress as set forth in the National Sea Grant Act as amended in 2008 (33 U.S.C. 1121 et seq.), and drawing from the NSGO policy memorandum entitled "*Policy for the Allocation of Funds, FY 2003 and Beyond*" and the 2011 and 2013 reports of the Sea Grant Allocation Joint Subcommittees, the purpose of this section is to establish the goal

and objectives for the allocation of funds in the National Sea Grant College Program for FY 2014 and beyond:

Goals

- 1) To bring the Sea Grant network to a consistent level of excellence nationwide.
- 2) To foster a high level of innovation, educational and scientific quality, and program impact.
- 3) To support Sea Grant's legislative mandate to promote the wise use and conservation of coastal and marine resources.
- 4) To support NOAA's mission priorities.

Objectives

- 1) To provide an equitable, rational, transparent, and flexible allocation plan that promotes performance, healthy competition and partnerships.
- 2) To provide a stable, national infrastructure of university-based programs that accomplish Sea Grant's mission effectively and efficiently.

IV. Sea Grant Program Elements

A. Introduction

The purpose of this section is to describe the operational program elements that make up the National Sea Grant College Program for FY 2014 and beyond.

B. Legislative background

The National Sea Grant Act (Act) as amended in 2008 (33 U.S.C. 1121 et seq.) provides general guidance for the distribution of funds authorized under the Act by encouraging a stable base of funding, merit review, new program development, and promotion of both collaboration and healthy competition. The Act also provides specific guidance that for any fiscal year where appropriations exceed amounts appropriated for the fiscal year 2003, the excess amounts be distributed to any combination of the following: Sea Grant programs according to their performance assessments; regional or national strategic investments; entities developing potential new Sea Grant programs; and existing Sea Grant programs that have not yet been evaluated.

C. Program Elements

Sea Grant funds are either allocated directly to state Sea Grant Programs or are used to support national and regional programming, fellowships, NOAA-wide activities, and national administrative activities.

1. State Sea Grant Program Core Funding: Core funding is granted directly to individual Sea Grant Programs and generally consists of Base and Merit funding. The Base component

represents NOAA's investment in local infrastructure and directly addresses stability of funding required by the Sea Grant Act. Base funding is awarded with the expectation of continued long-term support as long as performance warrants. Merit funding is awarded to recognize and reward outstanding performance by the Sea Grant Programs. Programs are expected to invest their core funds so as to maintain a balanced program in accordance with the Sea Grant Act and NOAA mission objectives. It is expected that at least 40% of federal core funding will be distributed for research and education projects awarded by an open, peer-reviewed, competitive process in accordance with current Sea Grant policy for such competitions.

- a. **Base funding** is determined early in a fiscal year for NOAA omnibus proposal submissions. The primary determinant of the target base funding level for each of the Programs is stakeholder need, derived from a weighting factor that includes both coastal shoreline (10%) and population (90%) (Appendix A). The actual levels of base funding depend on the overall pool of base funding available for a given fiscal year, modified to ensure that each Institutional Program receives at least the Program Base Minimum level of funding.

The Program Base Minimum funding level is based on an assessment of infrastructural resources needed by a Sea Grant Program, consistent with total resources appropriated, in order to operate an effective, balanced program of research, education and outreach. The 2003 Allocation Plan acknowledged that need, the Sea Grant Act calls for encouraging new programs and strengthening the network, and the 2013 Allocation Subcommittee report also considered this question. Based on these considerations and the recommendations of the 2013 Allocation Subcommittee report, and subject to regular review and satisfactory performance, a Program minimum amount is set for Sea Grant College and Institutional Programs at \$1.0 million in federal funds; with matching funds, this represents a minimum investment of \$1.5 million in infrastructure. Such an amount allows for approximately 5-6 average-sized research projects per year, 4-5 extension specialists and a budget for management, education and communications functions, providing the capacity to generate additional resources and compete in national competitions. It is important to note that the program minimum defined here is not to be construed as an adequate or sufficient resource base in relation to a state's stakeholder needs, opportunities or capabilities. However, given budget realities, it represents a compromise between providing an enabling infrastructure across eligible states and more substantially funding fewer programs.

Since Sea Grant Programs have evolved infrastructures over time consistent with their historical funding levels, it would be highly disruptive to make reductions in some Programs just to be able to provide significant increases to others. Therefore, increases in base funding for individual Programs will generally only occur when the overall pool of base funding increases. The significant increase in Sea Grant's appropriation in FY 2014 made it possible to begin to rebalance base funding to ensure each Institutional Program receives at least the Program minimum base funding and to increase the base funding for all Programs that received less than their targeted base funding level in FY 2012. Programs should expect to be funded at least

at the FY 2014 base funding level (Appendix B), assuming satisfactory performance, unless there are insufficient fiscal resources or changes to current Agency policy and Federal regulations.

- b. Merit Funding** is determined according to performance evaluations of the Sea Grant Colleges and Institutions. The amounts distributed are based on merit ratings assigned in performance evaluations and will vary according to the total dollars available for distribution as specified in current performance review policy (The National Sea Grant College Program's Planning, Implementation and Evaluation System (April 2014)). A program's merit-based distribution will be adjusted every four years following the performance review cycle. It is expected that the overall merit funding pool will be maintained at least at the FY 2014 level of 7.3% but will be increased over time as funding permits to reach 10% of the total annual appropriation.
- c. New Program Funding** is available to extend the Sea Grant Program to serve all eligible states as defined in the Act. The Sea Grant Act statement of purpose includes "extending and strengthening the national sea grant program" and assigns the Director the duty to "encourage the establishment and growth of sea grant programs." That process is outlined in Appendix C.

The Director may provide new funds from Sea Grant appropriations for investments in Projects and Coherent Area Programs in eligible states in which no program has yet attained institutional status. Once a program has attained full institutional status, it no longer qualifies for distributions under the new program provision. Such programs may then qualify for base minimum distributions and, after undergoing evaluation, merit funding.

All proposals submitted under the New Program Provision will be subject to Sea Grant review and merit criteria. Proposals for changes in status for new programs are subject to relevant merit-based criteria and procedures. Changes in status may affect a Program's eligibility for distributions under this plan. However, such changes in and of themselves constitute no obligation on the part of NOAA for additional funding or other exceptions from the guidelines set forth herein.

2. National and Regional Programming: The Sea Grant Act gives the Director of the National Sea Grant College Program (Director) the authority to provide support for regional or national strategic investments in fields relating to ocean, coastal, and Great Lakes resources. Although these investments may be made competitively, it is not a requirement of the Act. In fact, the Director is charged with allocating funding to both "promote healthy competition" and "encourage collaborations ... to address regional and national priorities." Allocations to individual programs may be made under this provision for a finite time-period on the basis of open peer-reviewed competition to eligible entities as defined by law or to Sea Grant Programs as a noncompetitive supplement to their annual funding, as appropriate, for the purpose of enhancing specific programmatic activities (e. g., community development, fisheries and climate extension, regional activities). Funding for such investments may arise from Sea Grant

appropriations and/or other federal sources distributed by the NSGO in accordance with provisions of the Sea Grant Act.

The rules and policies in effect for each national and regional strategic investment are specified in the funding announcement. The circumstances and duration of such awards are to be determined by the goals and criteria governing that particular investment. National strategic investments would normally be open to proposals from all programs, while regional strategic investments could be restricted to Programs in specific regions as warranted.

3. Fellowships: Sea Grant sponsors three nationally competitive fellowships: the Dean John A. Knauss Marine Policy Fellowship, the National Marine Fisheries Service / Sea Grant Fellowship in Marine Resource Economics, and the NMFS/Sea Grant Fellowship in Population and Ecosystem Dynamics.

4. NOAA-Wide Activities and National Administration: Within NOAA, Sea Grant funds are used to support Small Business Innovation Research, the Hollings Scholarship, the National Sea Grant Advisory Board, and the National Sea Grant Office.

5. Special Provisions: There are special case distributions that are provided for under the Act or represent situations requiring clarification. These include passthrough grants, special grants, and unobligated funds.

- a. Passthrough Grants and Contracts** are funds awarded by the NSGO to Sea Grant Programs arising from federal funds not appropriated specifically for the support of the Sea Grant Act. Provisions of the Sea Grant Act provide this authority. Such funds are subject to the terms and conditions of the originating agency and to current policies of the National Sea Grant College Program. Passthrough funds do not require non-federal matching funds unless specified by the originating agency.
- b. Special Grants** are awards made under Section 1124(b) of the Sea Grant Act and are generally made at the discretion of the Director for rapid response to emerging issues or for proposals to enhance network capability, e.g. the National Sea Grant Law Center and the National Sea Grant Library. Such grants do not require matching funds and may not exceed 5% of the total appropriated funds in that year. Proposals for special grants are subject to normal review processes in accordance with NSGO guidelines.
- c. Unobligated Funds** are those arising from previous years' deobligations. These are returns that originate from a variety of sources and normally are less than 1% of current appropriations. Such funds become available for distribution for Sea Grant and may be used at the discretion of the Director to augment one or more funding elements. These funds are available for distribution only in the year they occur (i.e., on a one-time basis) and unless otherwise exempted, are subject to the 1/3 matching requirement of Section 1124 of the Sea Grant Act.

V. Distribution of Funds among the Program Elements

This section addresses the distribution of funds to the specific Program Elements described in Section IV. The Sea Grant Act is definitive in fixing responsibility for the distribution of funds with the Secretary of Commerce and the Director. Funds are to be distributed in support of the purposes of the Act, but the Act provides considerable latitude within the merit and competition framework on the distribution of funds to the various elements. Section II of this document provides specific goals and objectives for the distribution of funds. The Sea Grant Allocation Joint Subcommittees provided recommendations for the distribution of funds among the various Program Elements of state, regional, and national funding in their 2011 and 2013 reports. Based on those recommendations, the precepts articulated in Section II, and the direction provided in the current Sea Grant legislation, the following guidelines will apply to the distribution of funds to Program Elements:

- A.** Sea Grant's FY 2003 appropriation was \$60.41 million. As specified by the Act, funds appropriated in excess of that amount are to be distributed on the basis of merit and/or competition. Funding amounts up to the FY 2003 appropriated amount may be used in any category including base funding.
- B.** Sea Grant appropriations that exceed the FY 2003 amount may only be allocated to Sea Grant Programs according to their performance assessments or to National or Regional Strategic Investments, with the exception of funding to develop new Sea Grant Programs.
- C.** As an operational guideline, 75% of Sea Grant's appropriation will be reserved for direct support of the Programs, a level consistent with the average allocation over the past decade. Program base funding will be maintained at 65% of the total appropriation and the level of merit funding will be 10% of the total, a level significant enough to reward exemplary performance.
- D.** As an operational guideline, 25% of Sea Grant's appropriation will be reserved for national and regional activities including administration of the Sea Grant Program at the NOAA level. Within that funding, 20% will be used to support national and regional strategic investments, the national fellowship programs, national and regional program development, and the National Sea Grant Advisory Board. The remaining 5% of the appropriation will be used to support the activities and staff of the National Sea Grant Office.
- E.** Designation of appropriated funds within these guidelines will be made by the Director as soon as possible after an appropriation bill is passed for the fiscal year.
- F.** In general, movement toward the target percentage distributions of funding will occur as appropriations are increased, not through reallocation of the existing pools.
- G.** Allocation policy will be reviewed by the NSGO following each reauthorization. Both the National Sea Grant Advisory Board and Sea Grant Programs would be given the opportunity to participate in such a review.

Finally, this allocation plan is based on the assumption of long term program funding growth. However, assumptions of constant or growing funding may not be realized in a particular year for a variety of reasons and/or there may be Congressional direction regarding expenditures. The following guidelines establish a general protocol for such situations:

- A.** In the event of a significant decrease in the overall pool of available Sea Grant funding, the first priority is the maintenance of network integrity and therefore the maintenance of base and merit funding levels.
- B.** In the event of a significant increase in the overall pool of available Sea Grant funding, primary consideration will be given to Program Core Funding based on stakeholder need up to the amount of the FY 2003 appropriation, and National and Regional Strategic Investments, taking into account the above guidelines for the Distribution of Funds among Program Elements.

V. Effective Date

This policy for the distribution of funds in the National Sea Grant College Program for FY 2014 and beyond is effective upon release of this document and will continue indefinitely until superseded or revised.

Appendix A. Coastal Shoreline and Population of Sea Grant States

The source for the Coastal Shoreline data is:

- 1) United State Census 2012 Statistical Abstract (Tables 360 and 364)
<http://www.census.gov/compendia/statab/2012edition.html>)
- 2) Michigan Department of Environmental Quality, *Shorelines of the Great Lakes*
http://www.michigan.gov/deq/0,4561,7-135-3313_3677-15959--,00.html)
- 3) Lake Champlain Basin Program (<http://www.lcbp.org/about-the-basin/facts/>)

The source for the Coastal Population Data is:

- 1) NOAA's State of the Coast National Coastal Population Report, Population Trends from 1970 to 2020 (<http://stateofthecoast.noaa.gov/features/coastal-population-report.pdf>)
- 2) United State Census Coastline County Population
<https://www.census.gov/dataviz/visualizations/039/508.php>)

State (Programs)	Coastal Shoreline Counties Population (2010 Census)	Tidal or Great Lakes Shoreline Length (miles)
AK	598,207	33,904
CA (CA & USC)	25,520,252	3,427
CT	2,219,037	618
DE	897,934	381
FL	14,468,197	8,426
GA	563,967	2,344
Guam	159,358	110
HI	1,360,301	1,052
IL/IN	6,669,952	108
LA	2,247,053	7,721
MA (MIT & WHOI)	4,924,916	1,519
MD	4,148,642	3,190
ME	836,502	3,478
MI	4,680,503	3,288
MN	216,268	189
MS/AL	965,959	966
Lake Champlain	494,448	587
NC	999,064	3,375
NH	418,366	131
NJ	7,045,573	1,792
NY	15,691,096	2,323
OH	2,534,282	312
OR	653,112	1,410
PA	2,365,551	140
PR	2,525,305	700
RI	1,052,567	384
SC	1,241,048	2,876
TX	6,121,490	3,359
VA	4,730,951	3,315
WA	4,615,192	3,026
WI	2,049,934	820

Appendix B. FY 2014 Base Funding for Sea Grant Programs

Note: Base funding includes Coastal Community Development funds.

Sea Grant Program	Base Funding
AK	\$1,466,203
CA	\$3,777,000
CT	\$1,002,439
DE	\$1,198,000
FL	\$2,256,975
GA	\$1,062,647
Guam	\$225,000
HI	\$1,825,000
IL/IN	\$1,206,068
LA	\$1,360,495
Lake Champlain	\$400,000
MD	\$1,372,903
ME	\$1,004,221
MI	\$1,361,700
MIT	\$1,951,000
MN	\$1,000,000
MS/AL	\$1,162,000
NC	\$1,509,000
NH	\$1,000,000
NJ	\$1,274,449
NY	\$2,531,676
OH	\$1,111,432
OR	\$2,157,000
PA	\$1,000,000
PR	\$1,047,732
RI	\$1,920,007
SC	\$1,190,824
TX	\$1,762,248
USC	\$1,000,000
VA	\$1,446,574
WA	\$2,470,000
WHOI	\$1,000,000
WI	\$1,789,000
Total	\$47,841,594

Appendix C. New Program Policy

It is NSGO policy to foster the development of new Sea Grant programs in the remaining states that are eligible for Sea Grant College designation. The purpose here is to provide guidance on procedures and designation of resources for new programs in order to facilitate their orderly development.

Eligibility, qualifications and responsibilities for Sea Grant Programs are set forth in the Sea Grant Act and the Code of Federal Regulations (15 CFR 917.42). A Sea Grant Program is a university-based program usually administered by one institutional entity within a coastal or Great Lakes state or territory. Establishing Sea Grant College Program status is a sequential process that occurs over a period of time, typically a decade or more. To achieve Sea Grant College status, four steps must occur: Project Grant, Coherent Area Program, Institutional Program and Sea Grant College Program. Institutional entities may subsequently petition the NSGO for changes in program status in sequential order as defined below. It is NSGO policy to establish and fund only one institutional or college program in a state as defined in the Sea Grant Act, except for those Programs that attained institutional status prior to FY 2002; for purposes of this provision, Lake Champlain Sea Grant is considered to be housed administratively at the University of Vermont.

A. Project Grant

Any eligible institution in the remaining states that are eligible for Sea Grant College designation may apply to NOAA's National Sea Grant Office (NSGO) for a Project Grant. A Project Grant is simply a proposal from an eligible institution to initiate a Sea Grant programmatic activity for a given time period. This is generally the first step in seeking Sea Grant Program status.

B. Coherent Area Program

The NSGO may request proposals from eligible institutions for the purpose of establishing Coherent Area Programs. An institutional entity may apply to the NSGO to become a Coherent Area Program in order to conduct Sea Grant activities limited in geographic area and/or scope. Grants are made to Coherent Area Programs with the expectation of renewal if the quality and relevance of the program is maintained. The NSGO will only accept Coherent Area Program proposals from eligible entities in states without existing Sea Grant Institutions or Colleges. All Coherent Area Program proposals are subject to Sea Grant review procedures and must be satisfactorily evaluated against Sea Grant project evaluation criteria. An institution must have been a Coherent Area Program for a minimum of three years before being eligible to apply for Sea Grant Institutional Program status.

C. Institutional Program

The NSGO may competitively award Sea Grant Institutional Program status to one or a consortium of eligible entities having Coherent Area Programs. Criteria to be met are similar to that for a Sea Grant College and all eligible institutions may apply. Proposals for Institutional

Program status will be referred to the Director who will convene a panel of experts for the purpose of reviewing proposals against Institutional Program review criteria as defined in the Code of Federal Regulations (15 CFR 918.3). The experts panel will make a recommendation to the Director regarding Institutional Program designation. The Director will make the final decision on Institutional Program designation. The NSGO will designate only one Institutional Program per state.

D. Sea Grant College

This is Sea Grant's highest program category. Sea Grant Colleges have broad responsibilities for state, regional and national activities and engage all of the institutions of higher learning in a state. Only Sea Grant Institutional Programs are eligible to become Sea Grant Colleges, and they must have demonstrated a capability to maintain a high quality and balanced program of research, education, training, and advisory services in fields related to ocean, Great Lakes, and coastal resources, and have received financial assistance under section 205 of the National Sea Grant College Program Act as a Sea Grant Institutional Program for a minimum of three years. Designation is made on the basis of merit and a determination by the Secretary of Commerce that such a designation meets the qualification criteria as set forth in the Code of Federal Regulations (15 CFR 918.3).