

**SEA GRANT ALLOCATION**  
**COMMITTEE 3 - STATUS**  
**UPDATE**

- AC 3 Report presented to SGA Oct. '13
  - Stimulated substantial discussion by SGA members
  - SGA members apprised of report's details and dollar impact on programs prior to meeting.
  - Thus programs which would have a decrease in funding did their best to undermine report's recommendations rather than having meaningful discussion on the components of the recommendation.

# November tele-con with LaDonn Swann, SGA Chairman

- SGA would be counter proposing to AC 3, as follows:
  - “do no harm” to the existing big programs
  - increase small programs to \$1.2M by utilizing NSGO’s strategic initiative monies and Merit budget
  - distribute any increase in total budget based on **needs criteria**
  - Spread any decreases in total budget based on **needs criteria** (not sure if LaDonn said this or I led the witness).

# SGA formally responded on AC 3 Report In Dec. '13

- SGA agreed with the following key AC 3 principles :
  - Maintain national network (a program in every state)
  - Preserve sea grant model (the “three product model” – Research, education and extension/outreach)
  - Fund state programs that are:
    - needs driven
- competitive and merit based
  - achieve stable funding to manage each state program
  - encourage regional collaboration
  - retain program director discretion within each program
  - Strive for a research portfolio that is 40% of total state budgets

# SGA stated S/G College Program Act calls out the following:

- Promote healthy competition among sea grant colleges
- Encourage collaborations among sea grant colleges to address regional and national objectives
- To maximum extent possible, provide stable base funding for sea grant colleges
- Encourage and promote coordination and cooperation between the research, education, and outreach programs of the Administration and those of academic institutions
- Encourage cooperation with Minority Serving Institutions
- Ensure compliance with established merit review guidelines

# SGA'S POSITION

- AC 3 fails to address Congressional guidance; instead makes extensive use of formulas and arbitrary programmatic set-asides.
- AC 3 perpetuates the purported problem that SG is a “state block grant program”.
- The Administration and Congress intend for SG program and budget allocations to be based on a competitive, merit based approach.

# SGA made only one specific recommendation as an alternative to AC 3:

- NSGO redirect funding from regional and national activities to state programs that currently fall below the level considered necessary for “successful implementation of sea grant programs”. SGA seemed to embrace \$1.2 million minimum allocation to a program that AC 3 recommended.
- This one recommendation stopped significantly short of the other elements LaDonn verbally conveyed in November.

# Observations on SGA's position

- SGA's position maintains historic allocation basis but increases all “small budget” programs up to minimum level
- While SGA says they embrace principal of “needs driven” there is no reflection of “needs” in their proposal.
- While SGA says they embrace competitive and merit based funding, their solution to achieve minimum funding to each state is to reduce or eliminate competitive national strategic initiatives efforts.
- SGA stated AC 3 perpetuates purported problem that SG is a “state block grant program”. However, SGA's recommendation, by reducing or eliminating monies awarded competitively by NSGO, makes SG appear even more like a state block grant program.

# Recommendations

- AC 3 report is optimal solution to address this overall problem. However, if insufficient interest in implementing AC 3, then the following “fall back” position should be considered in response to SGA’s recommendation:
- First, accept notion of using NSGO money to increase all programs to the \$1.2m level. Effectively takes some funding away from “big” programs for benefit of “small” programs (i.e. big programs forego what they otherwise would have competitively won from NSGO funding.)
- Leave Guam and Lake Champlain at up to maximum of \$400k each, depending on their stage of development.
- California and Massachusetts will have their two programs treated in the aggregate as one. **(SGA was silent on this point)**. This formalizes one of AC 3’s recommendations.
  - Only one minimum \$1.2m to each of those states
  - Below, where needs based is discussed, only one needs base for a state which has to be divided up between the two programs within that state.

# Recommendations Cont.

- A new issue, grant \$1.2m to each of the four states currently already regionalized into two regions (This was an oversight by AC 3, which did not consider this.).
  - To restrict the two existing state regions to only one \$1.2m is surely a disincentive to further regionalize.
  - increased regionalization will probably become imperative in near future; we don't want any disincentives to the idea
  - But cap dual \$1.2m allocation (i.e. the \$2.4m) at what the combined needs based formula would yield,( i.e. don't want to increase above combined need based amount by giving them their two states worth of the minimum.)
- Inflate the \$1.2m annually by CPI, or current problem will just gradually creep back

# Recommendations Cont.

- Funding for minimum \$1.2M allocations will come from:
  - First, growth in total budget above the nominal \$63M assumed in AC 3
  - no program currently above \$1.2M will receive any of the **increase** in the total appropriation until all small programs are up to \$1.2m.
    - This was originally mentioned by LaDonn Swann but was not in SGA's formal response.
    - This step would be consistent with **AC 1's** recommendation; i.e. to fix funding inequalities over time through use of total budget growth
  - If insufficient monies from larger than \$63M total budget to fund the \$1.2M minimums, then as SGA proposes, take funds from National Strategic Initiatives and if more needed, take from merit pool
- Importantly, if insufficient money in NSGO budget for national strategic initiatives and merit pool, then still maintain the \$1.2m minimum to each program and fund that by deducting from the programs (and only the programs) that currently are above their proforma needs based allocation. Such deductions will be done on relative needs base amongst those programs.

# Recommendations Cont.

- Adopt 90-10 coastal population-coast line as needs based criteria (unless SGA can **agree** on an alternative which has a superior theoretical basis)
- Any **increase** in the overall total budget appropriation above what is needed to fund the \$1.2M minimums, would be distributed on the **needs basis**
  - however, very importantly, this extra allocation would be distributed, based on relative needs criteria, to only those programs whose base allocation is below their proforma needs based allocation
  - I.e. any program which would have been a “loser” under the AC 3 proposal because their current allocation exceeded their proforma needs basis allocation, would **not** participate in any of the total budget growth until all programs are brought up to their needs based amount based on the new total budget line.
  - i.e. the AC 3 “loser” programs would not see any increase until the total budget line grew so significantly that their current historic budget allocation was now less than the needs based allocation given the new total budget available

# Recommendations Cont.

- Any **decrease** in total budget would be deducted solely from all programs whose historic budget allocation is in excess of what their proforma needs based budget would be.
- Thus programs who currently are below their needs based allocation would not suffer any decrease despite total national budget having been decreased. Only “losers” under AC -3 would suffer reductions.
- This approach, with either increasing or decreasing total budgets, will gradually move programs closer to needs based budget allocation. The “losers” under AC 3 recommendation, who so vociferously rejected AC 3, will slowly get adjusted.
- Still require programs to devote 10 % of budget to regional research, managed by programs, as AC 3 recommended.
- To extent there is still money for a merit budget, administer this based on AC 3’s recommendation of relative program evaluations adjusted to reflect needs based criteria.

# The merits of this suggested modified SGA approach:

- It largely retains SGA's "do no harm" concept (except in declining budget years where some programs take a reduction and others do not).
- This approach will immediately implement the "needs based" philosophy which was central to AC 3's recommendation, albeit its full effect will materialize only very slowly, depending on total budget levels.
- It will immediately get small programs up to AC 3's recommended minimum.
- It deals with the two programs in two states

# Conclusion

- The problem with this “fallback” approach goes to the issue of eliminating competitive national research awards and possibly the merit pool
- If we can live with the potential heat from Congress, then this “fallback”, or modified SGA proposal is superior to the status quo