



RESOURCES  
FOR THE FUTURE



2016

Annual Report

## Message from the President



Richard Newell,  
President and CEO

“The issues we focus on have never been more critical, and the core work of RFF never goes out of style.”

It is with great pleasure that I write my first annual message as Resources for the Future’s president. It is a privilege to lead this organization as we work together to build a healthy environment and thriving economy for present and future generations. I owe a debt of gratitude to my predecessor, Phil Sharp, for his many contributions to RFF.

RFF has an impressive legacy. For more than 60 years, it has helped our country and the world build a stronger environment and economy. We do this through high-quality research and engagement that both responds to the needs of today’s decisionmakers and looks ahead to issues over the horizon. Today our scholars are producing cutting-edge analysis and engaging with policymakers on issues ranging from the design of carbon pricing approaches to how best to cope with risks from natural disasters. RFF experts are also looking ahead to issues such as opportunities to better integrate the energy systems of the United States, Canada, and Mexico, as well as the potential for private-sector certification programs to improve the sustainability of fishery and forestry practices worldwide.

While 2016 was also a year of great change, a durable institution such as RFF adapts to changing needs. The issues we focus on have never been more critical, and the core work of RFF—providing rigorous analysis and developing sensible, cost-effective policy solutions—never goes out of style.

We are grateful to our many supporters, who have been essential to making RFF an indispensable organization. In the year ahead, I look forward to an even more dynamic RFF that uses state-of-the-art research and engagement to shape the environmental, energy, and resources decisions of the future.

## Board of Directors

As of October 2016

### LEADERSHIP

Richard L. Schmalensee, *Chair*  
Massachusetts Institute of Technology

Linda J. Fisher, *Vice Chair*  
DuPont Environment and Sustainable Growth Center (Retired)

Richard Newell, *President*  
Resources for the Future

### MEMBERS

James Asselstine  
Tyler Hill, Pennsylvania

Vicky A. Bailey  
Anderson Stratton Enterprises, LLC;  
BHMM Energy Services, LLC

Anthony Bernhardt  
Environmental Entrepreneurs

Trudy Ann Cameron  
University of Oregon

Elaine Dorward-King  
Newmont Mining Corporation

Daniel Esty  
Yale University

C. Boyden Gray  
Boyden Gray & Associates

David G. Hawkins  
Natural Resources Defense Council

Peter R. Kagan  
Warburg Pincus, LLC

Sally Katzen  
Podesta Group

Rubén Kraiem  
Covington & Burling, LLP

Robert B. Litterman  
Kepos Capital

Wilhelm Merck  
Essex Timber Company;  
Merck Family Fund

Henry Schacht  
Warburg Pincus

Robert N. Stavins  
Harvard University

Mark R. Tercek  
The Nature Conservancy

Sue Tierney  
Analysis Group Inc.

### CHAIR EMERITI

W. Bowman Cutter  
The Roosevelt Institute

Darius W. Gaskins, Jr.  
Norbridge, Inc.

Robert E. Grady  
Cheyenne Capital Fund

Lawrence H. Linden  
Linden Trust for Conservation

Frank E. Loy  
Washington, DC

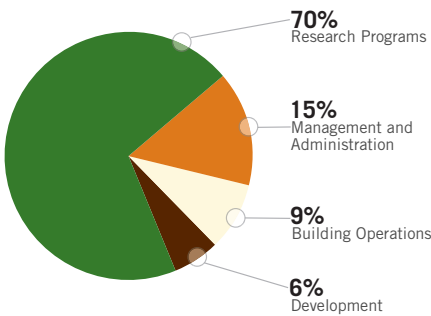


# RFF Financial Overview

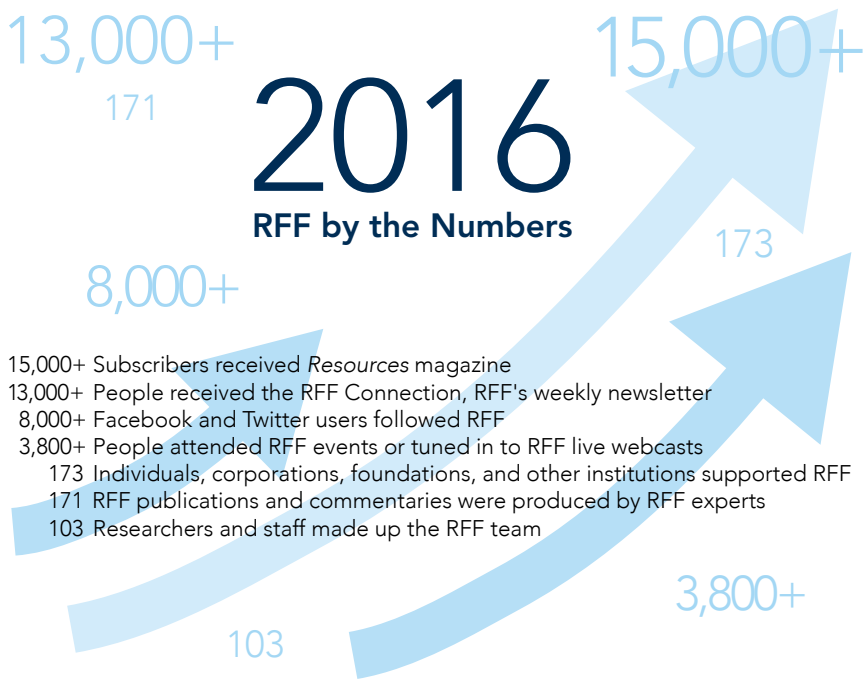
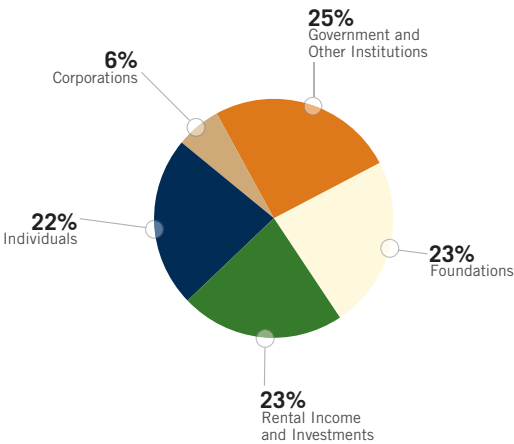
In fiscal year 2016, RFF's operating revenue was \$12.7 million, 76 percent of which came from individual contributions, foundation grants, corporate contributions, and grants from governments and other organizations. RFF augments its income with an annual withdrawal from its reserve fund to support operations. At the end of fiscal year 2016, RFF's reserve fund was valued at \$53.6 million.

RFF research and educational programs continued to be vital in 2016 representing 70 percent of total expenses. Management and administration, and development expenses combined were only 21 percent of the total. The balance is related to facilities rented to other nonprofit organizations.

## Expenses



## Revenue



LEARN MORE ABOUT RFF SUPPORTERS AND STAFF:

[www.rff.org/supporters](http://www.rff.org/supporters)  
[www.rff.org/staff](http://www.rff.org/staff)

# 2016 IN REVIEW

## Protecting Against Invasive Species



Live plants—and invasive pests that “hitchhike” on them—continue to be imported into the United States at increasing rates.

The US Department of Agriculture recently proposed a “risk-based” inspection approach that concentrates on imports with more problematic inspection histories. RFF’s Rebecca Epanchin-Niell and colleagues from the University of California, Davis, evaluated how to effectively design such an inspection program and found that it could cut infested shipments entering the United States by one-fifth.

## Reducing Deforestation by Supply Chains



Commercial agriculture and forestry are leading drivers of tropical deforestation. Shortages of political and institutional resources in developing countries make it difficult to address the issue using conventional regulatory tools such as land use zoning. An expert panel led by RFF’s Allen Blackman (pictured above) focused on the opportunities for and challenges of reducing supply chain deforestation using private sector approaches such as eco-certification and voluntary corporate commitments.

## Exploring North American Opportunities



While the United States, Canada, and Mexico stand to benefit from opportunities to lower electricity costs and tackle climate change more effectively through harmonized electricity policymaking and planning, some efforts to coordinate across borders are already underway at state and regional levels. At an RFF Policy Leadership Forum, Premier Philippe Couillard of Québec (pictured above, left) and Phil Sharp (pictured above, right) discussed how states and provinces are leading the way through subnational initiatives to address climate change, such as the linked emissions trading programs between Québec and California.

## Modeling the Impacts of Carbon Pricing




As part of RFF’s *Considering a US Carbon Tax* initiative, experts have modeled various policy proposals and discussed current carbon pricing strategies

around the world. RFF’s Marc Hafstead and Raymond J. Kopp analyzed the emissions reductions expected from Senate Bill 1548, the American Opportunity Carbon Fee Act of 2015, finding that it would yield more reductions in 2025 than the US pledge under the UN Framework Convention on Climate Change. RFF also hosted experts from





In 2016, RFF demonstrated why it continues to be the most trusted source of economic research and analysis on environmental, energy, and natural resource issues. RFF experts not only developed practical solutions to some of today's most pressing issues, but also looked ahead at the challenges that will require smart approaches in the future—both domestically and around the world. Below are some of the year's most memorable activities.



Canada and Mexico to discuss international carbon pricing policies.

### Preserving National Parks



As the National Park Service (NPS) celebrated its 100th anniversary in 2016, many parks saw an overwhelming number of visitors.

To deal with overcrowding, the NPS encouraged travelers to visit during winter months, or to visit lesser-known parks. A more efficient approach, as suggested by RFF's Margaret Walls, would be to change the entrance fee price structure to incentivize the changes that the NPS suggested. Such differentiated fees could also improve park operations and address the maintenance backlog.

### Reforming Federal Coal Leasing



In 2015, the Bureau of Land Management's federal coal leasing program accounted for nearly 40 percent of US coal production and supplied some of the lowest-cost coal available. The program had been critiqued for providing a poor return to taxpayers and failing to adequately address the environmental costs of coal extraction and processing. RFF hosted a conversation in 2016 with Jason Furman, then-chairman of the White House Council of Economic

Advisers (CEA), who unveiled a new CEA report that examined the economic principles underlying the program, discussed the case for reform, and provided quantitative estimates of the effects of such changes.

### Protecting the Greater Sage Grouse

In September 2015, the US Fish and Wildlife



Service decided not to list the greater sage grouse under the Endangered Species Act. This success relied partly on voluntary programs that engage private

property owners in land conservation that protects threatened species. But RFF's Rebecca Epanchin-Niell and colleagues at the University of Nevada, Reno, cautioned that the agency's decision could reduce the effectiveness of such programs in the future by introducing uncertainty about the costs and benefits to landowners.

### Improving the National Flood Insurance Program

As of June 2016, the National Flood



Insurance Program (NFIP) had more than five million policies in force nationwide, representing slightly less than \$1.245 trillion in coverage. RFF's Carolyn Kousky,

Brett Lingle, and Leonard A. Shabman examined FEMA's public assistance program and found that a disaster deductible would save on overall administrative costs, reducing the number of disaster declarations.



### Exploring Seafood Certification



Recent commitments by major retailers to carry seafood certified as sustainably harvested represent an opportunity to raise awareness and instill a marine stewardship ethic in the consciousness—and buying habits—of a broad consumer audience. Yet this increased demand can have unintended consequences for fishermen, fishing communities, and marine ecosystems. RFF’s Kailin Kroetz (pictured above) and Jim Sanchirico of the University of California, Davis, convened experts to examine how environmental and societal impacts are considered in seafood certification programs.

### Implementing the Paris Agreement



The Paris Agreement provides a new opportunity for international collaboration on climate change, but it will require a shared understanding of each country’s efforts to reduce greenhouse gas emissions. At the 2016 United Nations climate change conference, RFF co-hosted an event with Harvard University, Fondazione Eni Enrico Mattei, and the Research Institute of Innovative Technology for the Earth to discuss the transparency and comparability of mitigation efforts as defined by the nationally determined contributions of major emitters.

### Reviewing California’s Cap-and-Trade Program



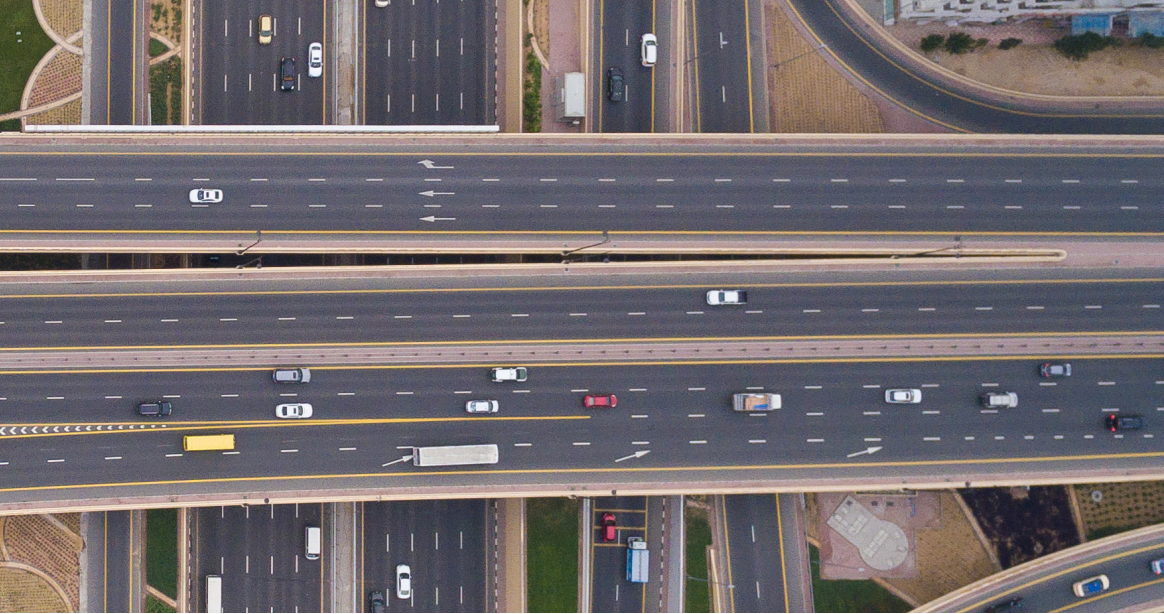
In 2016, critics of California’s cap-and-trade program to reduce greenhouse gas emissions touted new arguments that the program was failing: at one auction of emissions allowances, only 11 percent of the available permits actually sold. RFF’s Dallas Burtraw helped to clarify the situation for state policymakers, explaining that the decline in demand for allowances was actually a signal of the program’s success. He also advised the state to continue including and exploring companion climate policies focused on the transportation sector and renewable energy to help boost emissions reductions.

### Identifying the Fiscal Impacts of Shale Gas Development on Communities



Oil and gas development has increased substantially in the United States over the past decade, creating variety of opportunities and challenges for communities. At an RFF seminar in collaboration with Duke University, RFF’s Richard Newell and Daniel Raimi discussed their research finding that most local governments report net positive fiscal impacts. However, research by RFF’s Jacqueline Ho, Alan J. Krupnick, Katrina McLaughlin, Clayton Munnings, and Jhih-Shyang Shih showed that states face significant financial burdens in managing and decommissioning inactive oil and gas wells. They suggest ten policy reforms for state oil and gas agencies and others to consider.





## Examining Disaster Spending



In 2016, the Federal Emergency Management Agency proposed establishing a deductible that would require states to spend some of their own funds on disaster recovery before receiving aid through FEMA's Public Assistance program. Although FEMA's goal is to incentivize greater disaster mitigation by states, RFF's Carolyn Kousky, Brett Lingle, and Leonard Shabman found that this will depend on how the deductible policy is designed. A deductible could, however, reduce the administrative costs of the program.

## Commenting on the Clean Power Plan



Early in 2016, the Environmental Protection Agency solicited comments on its Proposed Federal Plan and Model Trading Rules for the Clean Power Plan. RFF experts provided ten recommendations about allowance allocation, requirements for state compliance plans, and EPA's role in implementation. Soon after, the Supreme Court halted implementation of the Clean Power Plan—but RFF's Joshua Linn, Dallas Burtraw, and Kristen McCormack found that the stay was unjustifiable based on the claim of economic harm to the coal sector.

## Exploring Evidence for the New CAFE Standards



In 2016, the Environmental Protection Agency and the National Highway Traffic Safety Administration began a midterm review of the new joint regulations for Corporate Average Fuel Economy (CAFE) standards for light-duty vehicles. To better understand some of the emerging information about the effectiveness of the standards, RFF's Benjamin Leard, Joshua Linn (pictured above, left), and Virginia McConnell explored key issues—from how gas prices affect vehicle sales to how much consumers really value fuel economy—in an RFF blog series. Linn and McConnell analyzed these issues at an RFF seminar featuring Chris Knittel from the Massachusetts Institute of Technology (pictured above, center) and K.G. Duleep from H-D systems (pictured above, right).



extreme events oceans and coasts  
policy and regulation  
alternative fuels biodiversity  
outdoor recreation natural gas  
invasive species forestry  
energy markets  
sustainable development  
energy efficiency air quality  
economics  
renewable energy incentives  
water risk analysis  
climate change resilience  
natural disasters shale gas  
satellite information  
ecosystem services  
resource scarcity electricity  
vehicle pollution fuel taxes  
natural infrastructure  
regulatory costs and benefits endangered species  
oil and gas transportation  
parks and wilderness  
Clean Air Act emissions pricing

RFF is an independent, nonprofit research institution in Washington, DC. RFF's mission is to improve environmental, energy, and natural resource decisions through impartial economic research and timely policy engagement. RFF is committed to being the most widely trusted source of research insights and policy solutions leading to a healthy environment and a thriving economy.

Resources for the Future  
1616 P St. NW  
Washington, DC 20036

[www.rff.org](http://www.rff.org)



RESOURCES  
FOR THE FUTURE