



**RESOURCES**  
FOR THE FUTURE

# 2017

## Annual Report

An aerial photograph of Central Park in New York City, showing the lush green park area surrounded by dense urban development and skyscrapers. The park features several bodies of water, including the Reservoir and the Pond, and is flanked by rows of tall buildings. The text is overlaid on the central part of the image.

**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.**

## LETTER FROM THE PRESIDENT

### **Richard G. Newell** PRESIDENT AND CEO

2017 was a pivotal year for Resources for the Future (RFF). A new US presidential administration created a seismic shift in an already fast-moving national and global policy landscape. This shift provides major opportunities for RFF to expand its indispensable role in helping create an environmentally and economically sustainable future.

Seizing those opportunities requires RFF to innovate and adapt. In 2017, we embarked on a major effort to transform the institution, guided by the principles of impact, focus, and reach. Simply put, in order to drive the change we want to see, we are aligning the organization to address the most vital issues and expand our connections beyond RFF's traditional communities.

We are doing this because the demand for RFF's work is only growing. Decisionmakers from across the political and ideological spectrum recognize the need for a trusted, gold-standard source of information and economic analysis on environmental, energy, and natural resource questions.

Over the next several years, RFF will continue to assertively identify important issues and information needs, produce economic and policy research of the highest quality that is responsive to those needs, and deliver the relevant insights and solutions—to the right people, in the right way, and at the right time. And true to our legacy, RFF will actively engage with current policy questions while ensuring that we stay on the cutting edge of emerging issues and trends.

We are charting an ambitious course, one that is required at this critical time. It will entail significant financial commitments to the future of this organization. As ever, the key to our success is people. Our enormously talented and committed staff fuels RFF's research and impact, and our work has always been made possible by the commitment of RFF's donors and partners. As we move ahead, I invite you to join us in investing in RFF's future.



# Board of Directors

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*President & CEO*  
Resources for the Future

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# Financial Overview

In fiscal year 2017, RFF's operating revenue was \$12.2 million, 77 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 investment from its reserve fund to support operations. At the end of fiscal year 2017, RFF's reserve fund was valued at \$56.5 million.

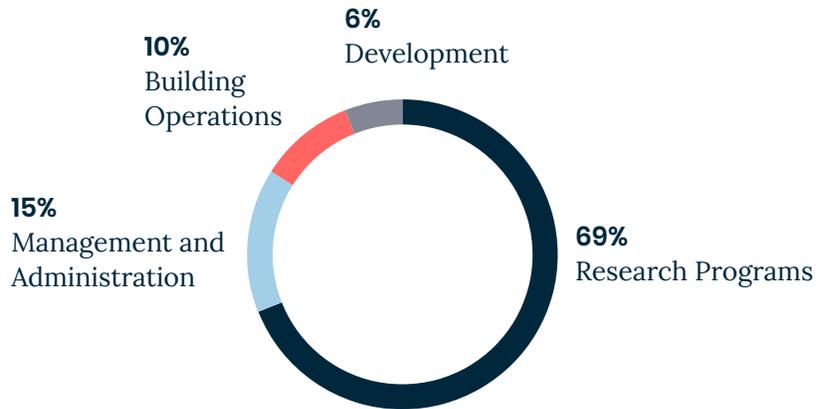
RFF research and educational programs continued to be vital in 2017, representing

69 percent of total expenses. Management, administration, and development expenses combined were 21 percent of the total. The balance is related to facilities rented to other nonprofit organizations.

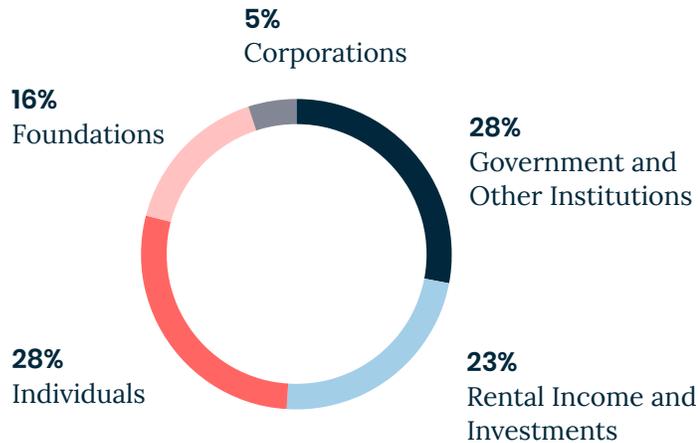
RFF's audited financial statements are available at [www.rff.org](http://www.rff.org).

Learn more about supporting RFF at [www.rff.org/support](http://www.rff.org/support).

## Expenses



## Revenue



# RFF by the Numbers

**14k**

Subscribers received  
*Resources* magazine

**13k**

People received the RFF  
Connection newsletter

**9k**

Facebook and Twitter  
users followed RFF

**2.5k**

People attended RFF  
events or tuned into  
RFF's live webcasts

**193**

Publications and  
commentaries were  
written by RFF experts

**175**

Individuals, corporations,  
foundations, and other  
institutions supported RFF

# 2017 in Review

## A New Era for Federal Energy and Environmental Policy

The approach of the Trump administration to energy and environmental policy represents a sharp departure from those of previous administrations. RFF experts offered analysis on many of the new administration's positions, beginning with a policy brief by RFF Senior Fellow **ALAN KRUPNICK** examining Trump's proposals for energy policy. Krupnick pointed out that economic realities and state regulations may frustrate the administration's efforts to boost fossil fuel production and warned that trade breakdowns will hurt US gas and pipeline suppliers. Krupnick also provided

commentary on the nominations of Scott Pruitt for EPA Administrator and Ryan Zinke for Secretary of the Interior.

Additional blog posts featured analysis in the lead-up to President Trump's decision to pull out of the Paris Agreement. RFF's **MARC HAFSTEAD** projected that US greenhouse gas emissions under the Trump administration would be 10–13 percent below 2005 levels by 2025, falling far short of the 2015 US pledge of a 26–28 percent reduction.

## Economic Approaches to Conservation

Last year marked the 50th anniversary of late RFF Senior Fellow John V. Krutilla's "Conservation Reconsidered," a seminal article in the history of environmental economics. In it, Krutilla made an economic case for preservation over exploitation of natural resources, arguing that nature in its undisturbed state has "existence value" that can be calculated and expressed in monetary terms.

To honor the anniversary, RFF hosted a conference featuring top resource economists. They reflected on the publication of "Conservation Reconsidered," discussed new developments in the field since it was written, and laid out current issues, including federal

policy toward public lands and new methods for valuing nature's worth.

One such issue is cost-effectively protecting species under the Endangered Species Act. RFF Fellow **REBECCA EPANCHIN-NIELL** has explored ways to improve the efficiency of Endangered Species Act listing decisions. She used a conservation return-on-investment approach to evaluate a recent US Fish and Wildlife Service proposal focused on prioritizing and updating information related to species undergoing the listing process.

## Measuring the Value of Satellite Data

Satellites and other remote-sensing tools have revolutionized our fundamental understanding of ecological change on Earth. Discussing the potential of these observations when combined with cutting-edge research and today's computing capabilities, then-NOAA Administrator **KATHRYN D. SULLIVAN** stated at an RFF Policy Leadership Forum, "We can achieve a level of global environmental situational awareness and foresight unimaginable through all of human history."

But given limited resources, how do we measure the value of satellite data? This question is at the heart of groundbreaking new work at RFF, the Consortium for the Valuation of Applications Benefits Linked with Earth Science (VALUABLES). Funded by a \$3.5 million NASA grant, the VALUABLES Consortium undertakes research to quantify the benefits of Earth observations to society, builds capacity to spark collaboration between Earth scientists and social scientists,

and utilizes a full suite of communications activities that includes web-based multimedia, crowdsourcing, and open innovation research. Learn more at [www.rff.org/valuable](http://www.rff.org/valuable).



RFF board member and former NASA astronaut **KATHRYN D. SULLIVAN** spoke at an RFF Policy Leadership Forum on how environmental intelligence can preserve and improve human and environmental health and promote economic growth.

## The Shifting North American Energy Landscape

Since the early 2000s, unconventional oil and gas development has revolutionized the North American energy landscape. At a national level, many of the benefits and costs seem fairly clear. How local communities have fared, however, is less well understood. To increase this understanding, RFF researchers examined the effects of the shale gas boom on local governments and economies, public education, housing markets, health, and seismicity.

A related RFF project on shale public finance looked at key fiscal issues local governments face in regions experiencing rapid oil and gas development. For instance, initial analysis by

RFF's **DANIEL RAIMI** showed how tax policies in Texas create planning challenges for local governments by limiting their ability to fully benefit from high oil prices while exposing them to major downside risks when oil prices fall.

Taking a broader look at the interplay among Canadian, Mexican, and US energy sectors, a team led by RFF's **ALAN KRUPNICK** focused on the benefits of North American energy integration and highlighted important oil and gas policy issues ahead of NAFTA renegotiations.

## Working with States on Climate Change Policy

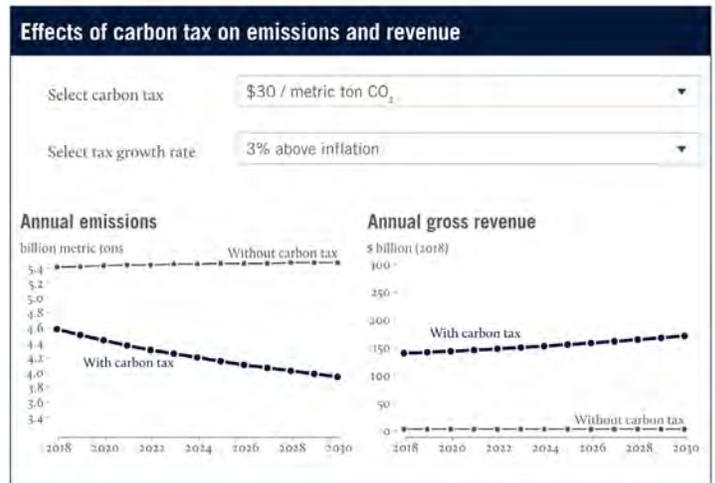
RFF experts continue to work closely with California and states in the Northeast to pioneer market-based tools to reduce greenhouse gas emissions. In a series of webinars for Regional Greenhouse Gas Initiative (RGGI) stakeholders, RFF’s **DALLAS BURTRAW**, **KAREN PALMER**, and **ANTHONY PAUL** explored how an innovative mechanism called an emissions containment reserve would reduce volatility in the allowance market. RGGI now plans to implement this mechanism beginning in 2021, paving the way, Burtraw says, for “the next big evolution in carbon markets.”

Burtraw also lauded California for extending the state’s cap-and-trade program for greenhouse gas emissions, highlighting the bipartisan nature of support in a blog post. He noted that the program’s development is a “historic victory for economic ideas.” He also advised decisionmakers about the potential impacts that new provisions limiting allowance banking and establishing border adjustments could have on the linking with carbon markets in Quebec and Ontario.

## Carbon Pricing and the Social Cost of Carbon

RFF’s Carbon Pricing and Social Cost of Carbon Initiatives continue to inform efforts to reduce greenhouse gas emissions. In 2017, RFF’s **MARC HAFSTEAD** and **LARRY GOULDER** launched the E3 Carbon Tax Calculator to help decisionmakers project future emissions, tax revenues, and fuel prices under any given carbon tax. Hafstead also provided an analysis of the American Opportunity Carbon Fee Act of 2017. Learn more at [www.rff.org/cp](http://www.rff.org/cp).

The social cost of carbon places a monetary value on the climate damages from each additional ton of carbon dioxide. In 2017, the Trump administration disbanded the Interagency Working Group responsible for setting the social cost of carbon. To ensure that progress is not stalled, RFF is leading a multiyear initiative to advance recommendations put forward by a National Academies committee for improving estimates of the social cost of carbon. Learn more at [www.rff.org/scc](http://www.rff.org/scc).



**MARC HAFSTEAD** and **LARRY GOULDER** launched the E3 Carbon Tax Calculator to help decisionmakers project future emissions, tax revenues, and fuel prices under any given carbon tax. Find out more at [www.rff.org/carbontaxcalculator](http://www.rff.org/carbontaxcalculator).

## The Continuing Importance of Regulatory Analysis

Fifteen RFF experts joined more than 80 economists and lawyers signing a letter to Office of Management and Budget Director Mick Mulvaney and other high-ranking officials, commenting on two executive orders



**MARCUS PEACOCK** (right), then-special advisor to US Office of Management and Budget Director Mick Mulvaney, discussed President Trump's executive orders on regulatory policy with RFF scholars, including **RICHARD D. MORGENSTERN** (left).

signed by President Trump on regulatory reform. The letter called for benefits to be given equal weight to costs in regulatory analysis and offered three suggestions for improving regulatory policy.

RFF also hosted a conversation with **MARCUS PEACOCK**, then-special advisor to Director Mulvaney, to discuss the executive orders. In his remarks, Peacock emphasized the importance of retrospective review: "We've done a poor job for decades of going back and looking at the regulations that we've issued," he said. "I think there's a tremendous opportunity to both improve benefits and reduce costs in our regulatory stock."

To provide new insights in this area, RFF's Regulatory Performance Project funds research pursuing creative ideas for measuring the realized costs and benefits of regulations in the areas of safety, health, and environmental protection. Learn more at [www.rff.org/rpp](http://www.rff.org/rpp).

## RFF Launches a New Strategic Vision

In 2017, RFF launched a new strategic framework designed to ensure that the nation's first think tank focused on environmental and natural resource issues continues to not only champion research excellence but also safeguard and advocate for objective, evidence-based decisions to meet the demands of a new era of policymaking.

The central elements of RFF's strategic framework are 1) an organizational commitment to providing effective communication and value for decisionmaking; 2) a clear, compelling, and responsive institutional agenda based on critical

environmental, energy, and natural resource challenges requiring economic analysis; and 3) increased engagement with a broader set of decisionmakers in the United States and around the world.

A key element in preparing RFF for success under this new framework was the launch of two programs: Energy and Climate; and Land, Water, and Nature. RFF's programs complement the innovative entrepreneurship of its staff with an institutional research agenda focused where high-quality economic analysis can make a difference. Learn more at [www.rff.org/ec](http://www.rff.org/ec) and [www.rff.org/lwn](http://www.rff.org/lwn).



**In 2017, RFF experts developed and helped implement policy innovations, informed public discussion with research-based insights, promoted dialogue with convenings, and looked ahead to understand emerging issues and future needs.**

**Resources for the Future (RFF) is an independent, nonprofit research institution in Washington, DC. Its mission is to improve environmental, energy, and natural resource decisions through impartial economic research and 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.**