



**Kentucky Department  
of Agriculture**

***Specialty Crop Block Grant Program  
FY 10***

**Request for Applications**

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## **1. Introduction**

The Kentucky Department of Agriculture (KDA) is pleased to announce the competitive solicitation process to award Specialty Crop Block Grant Program (SCBGP) funds for projects that solely enhance the competitiveness of specialty crops in Kentucky. The United States Department of Agriculture (USDA)/ Agricultural Market Service (AMS) has allocated these funds to the states and KDA will be administering these funds as competitive grants.

The requirements and procedures listed below are based on federal rules and regulations for SCBGP funding.

***Specialty crops are defined by USDA as fruits, vegetables, tree nuts, dried fruits, horticulture and nursery crops*** (see Appendix F for a list of eligible specialty crops).

## **2. Who Can Apply?**

KDA is seeking proposals from eligible commodity groups, ag organizations, colleges and universities, producers, municipalities, state agencies, and agricultural nonprofits for this grant program, provided their proposals meet all the specifications in this Request for Applications and the USDA's Notice of Federal Assistance. These projects must aim to enhance the production and competitiveness of Kentucky specialty crops. In order to be eligible to participate, applicants must reside in or their business or educational affiliation must be in the Commonwealth of Kentucky.

## **3. Maximum Award**

This is a competitive grant process. The maximum award to any applicant is \$75,000.00. However, KDA encourages applications that request lesser amounts.

KDA is looking to award multiple grants. This is federal funding from the USDA and the amount of funding is based upon a formula analyzing specialty crop sales in the Commonwealth of Kentucky.

## **4. Agreement Duration**

Projects cannot begin until the USDA has made their official award announcement, expected in October 2010. A project can last for up to three years, but the proposal must justify its timeline. A two year timeline from the grant award is preferred. No extensions of any kind are allowed. Please see Appendix E for USDA's regulations regarding Administration of Grants.

## **5. Deadlines**

- Announcement of open request for applications – April 8, 2010
- Application Deadline – June 8, 2010, 4:30pm
- Review Panel Meets – June, 2010
- KDA submits compiled application to USDA – July 1, 2010
- Expected Date of Grant Awards - Around October 1, 2010

## **6. Submission Procedures**

Applications must be post marked no later than **June 8, 2010**.

Submit applications in both hard copy (paper clipped) and electronically via email in Microsoft Word and Excel format (no pdf's please)

Submit complete packets to:

Kentucky Department of Agriculture  
Office of Marketing & Product Promotion  
Attn: Kristen Branscum  
100 Fair Oaks Lane, 5<sup>th</sup> Floor  
Frankfort, KY 40601

Submit electronic copies via email to:

[kristen.branscum@ky.gov](mailto:kristen.branscum@ky.gov)

## **7. Eligible Grant Projects**

### **A. Must Enhance the Competitiveness of U.S. Specialty Crops**

To be eligible for a grant, the project(s) must solely enhance the competitiveness of U.S. specialty crops in either domestic or foreign markets.

Project areas may include (but are not limited to) the following issues affecting the specialty crop industry:

- Increasing child and adult nutrition knowledge and consumption of specialty crops
- Pest and disease control
- Sustainability
- Enhancing food safety
- Developing new and improved seed varieties
- Improving efficiency and reducing costs of distribution systems
- Assisting all entities in the specialty crop distribution chain in developing “Good Agricultural Practices”, “Good Handling Practices”, “Good Manufacturing Practices”, and in cost-share arrangements for funding audits of such systems for small farmers, packers and processors
- Investing in specialty crop research, including organic research to focus on conservation and environmental outcomes

### **B. Benefit More Than One Product or Organization**

Applications for grant funds should show how the project potentially impacts and produces measurable outcomes for the specialty crop industry and/or the public rather than a single organization, institution, or individual. Grant funds will not be awarded for projects that solely provide a profit to a single organization, institution, or individual. Single organizations, institutions, and individuals are encouraged to participate as project partners.

The following are some examples of acceptable and unacceptable projects:

Example of an Unacceptable Project (based on info provided by USDA)

- A company requests grant funds to purchase starter plants or equipment used to plant, cultivate, and grow a specialty crop for the purpose of making a profit, or to expand production of a single business.
- A proposal for funds from a specialty crop organization to promote their members' businesses.
- A single farmer erects high tunnels on their property to extend the growing season of tomatoes and lettuce and conducts a field day and farm tour to encourage other small family farmers to adopt the production methods.

Examples of Acceptable Projects (based on info provided by USDA)

- A university requests funding to conduct research on the feasibility of planting, cultivating, and growing a specialty crop in a particular area, the results of which can be shared with many growers throughout the State.
- A single grower requests funds to demonstrate the viability of organic small fruit production and partners with Cooperative Extension to publicize the working model of diversification to other regional growers.
- A single company requests funds to provide a viable pollination alternative to specialty crop stakeholders in the region, which currently does not have one.
- A single specialty crop organization requests funds to conduct an advertising campaign that will benefit their specialty crop members.

**C. Match**

Matching funds are highly encouraged, but not required. Match will be calculated into the scoring criteria with cash match receiving more points than in-kind contributions.

**8. Application Procedures and Requirements**

All submissions must be in Word with 12 pitch Arial font with 1 inch margins.

Applications must include the Application Cover Sheet, Project Proposal (no more than five (5) pages), and Budget Narrative (See Appendix B).

Up to two letters of support should be submitted with your application, but any other additional material will be discarded and not included in the review process.

All applications must be submitted in the following format and projects must address each of the bullets below:

## **A. Project Proposal**

The project proposal must include the following seven categories and not exceed five pages.

- **Project Title and Abstract**

Include the title of the project and an abstract of 200 words or less.

- **Project Purpose**

- Clearly state the purpose of the project. The purpose should include the specific issue, problem, interest, or need to be addressed and why the project is important and timely.
- Indicate if the project will be or has been submitted to or funded by another Federal or State grant program and if the grant program duplicates efforts of the SCBGP-FB or the other Federal or State grant program. If it does not, how does it supplement?

- **Potential Impact**

- Discuss the number of people or operations affected.
- Identify the intended beneficiaries of each project.
- Discuss the potential economic impact if such data are available and relevant to the project.

- **Expected Measurable Outcomes**

- Describe at least one distinct, quantifiable, and measurable outcome that directly and meaningfully supports the projects purpose. The outcome-oriented objective must define an event or condition that is external to the project and that is of direct importance to the intended beneficiaries and/or the public.
- Provide a timeframe when outcome measures will be achieved. Outcome oriented objectives may be long term that exceed the grant period.
- Describe how the project outcome will be measured. Describe the plan that will be used to show performance improvements. Include a performance-monitoring plan to describe the process of collecting and analyzing data to meet the outcome-oriented objectives.

- **Work Plan**

- Explain briefly the activities that will be performed to accomplish the objectives of the project.
- Indicate who will do the work of each activity and the estimated timeframe.

- **Project Oversight**

Describe the oversight practices that provide sufficient knowledge of grant activities to ensure proper and efficient administration.

- **Project Commitment**

Describe how all grant partners commit to work toward the goals and outcome measures of the proposed project. Include letters of support from project partners and other key beneficiaries.

## **B. Budget Narrative**

Provide sufficient detail in paragraph format about the budget categories listed below. All requested budget items/activities should correlate to the purpose/goals of the project and demonstrate that they are reasonable and adequate for the proposed work. If a project benefits other products than only eligible specialty crops, the project expenses may be prorated to reflect the percent of eligible specialty crops. Please see Appendix B - Budget Narrative Format for further information on preparing the budget narrative.

- **Personnel**

For each participant funded with grant monies, indicate their title, the percent of full time equivalents (FTE) and the corresponding salary for the FTE, or the hourly wage and number of hours spend on the project.

- **Fringe Benefits**

Indicate the rate of fringe benefits for each salary.

- **Travel**

Indicate the destination, purpose of trip, number of people traveling, number of days traveling, total airfare costs if applicable, total ground transportation costs if applicable, total lodging and meals costs if applicable, and total mileage costs for the travel if applicable. See Appendix D for more details on Allowable Costs and Appendix B on Budget Narrative Format for additional assistance.

- **Equipment**

Indicate anticipated purchases or rental costs of equipment and its intended use. List separately each item of equipment, its intended use, and its cost. Please see Appendices B & D for restrictions and limitations on grant funds for further guidance on equipment.

- Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct and indirect charges.
- Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of KDA.
- Rental costs of buildings and equipment are allowable as direct costs in accordance with the cost principles in Subpart T of 7 CFR 3015.

- Capital expenditures for special purpose equipment that will every be used for anything other than activities solely benefiting specialty crops is unallowable.

- **Supplies**

Provide an itemized list of projected supply expenditures and the dollar amount for each item.

- **Contractual**

Provide a short description of the services each contract covers and the flat rate fee or the total hourly rate. Compensation for individual consultant services should be reasonable and consistent with that paid for similar services in the marketplace. Federal regulations for this grant limit consultant fees to \$500 per eight-hour day, excluding travel and subsistence costs.

- **Other**

Provide detailed descriptions of other costs such as conferences or meetings, communications, speaker/trainer fees, publication costs, and data collection, and other miscellaneous budgeted costs associated with each project.

- **Program Income**

If program income will be earned on any project, indicate the nature and source of program income and the estimated amount, and how the income will be used to further enhance the competitiveness of specialty crops. For example if registration fees are being collected at a conference as part of the project, indicate the estimated amount of registration fees that will be collected and describe how the registration fees will be used to solely enhance the competitiveness of specialty crops.

***KDA, upon its decision, may ask a potential grantee for more information on any of the above Application Requirements before awarding the grant or entering into an agreement with the grantee. KDA reserves the right to fund the project in part, add and delete tasks, and ask for clarification on the work plan, timeline, and budget. No agreement will be entered into until KDA is satisfied with all the specifications of the project. Any grant award is dependent upon the availability of federal funds and the final approval from the USDA/AMS.***

**Additional Documents:**

Upon being awarded, the successful applicants will be required to complete the following documents (in addition to any other documents required by KDA):

- Memorandum of agreement
- SF 270
- Affidavit form
- Provide quarterly invoices

## **Fund Disbursement**

After the KDA's entire state application is approved by USDA and funds have been dispersed to KDA, awardees will receive a portion of their total award up front and additional funds throughout the duration of the project on a quarterly basis if determined appropriate for the project needs.

## **9. Selection and Scoring Criteria**

A selection committee will be made up of specialty crop industry representatives and KDA staff. The committee will review and award based on these general requirements (actual scoring criteria will be more detailed):

1. How well the application meets all the submission requirements
2. How the project effectively shows a timeline and strategy for implementation
3. How the project shows that it will effectively promote the competitiveness of specialty crops to the industry.
4. The breadth of the project; does the project show that it will affect a specialty crop as a whole?
5. Is there a well constructed budget?

## **10. Post-Award Management**

**Subgrantees must ensure they are:**

1. Making adequate progress toward achieving the grant project's goals, objectives, and targets;
2. Expending grant funds in a way that meets provisions of pertinent statutes, regulations, KDA administrative requirements, and relevant Office of Management and Budget (OMB) circulars;
3. Aware of the requirements imposed upon them by Federal statute and regulation;
4. In compliance with records retention and access requirements;
5. Using federal funds responsibly.

**Change Key Personnel** - When it is necessary to change the program contact for a period of more than 3 months, submit a written request (email is acceptable) to KDA. Request should contain the new individual's name and contact information.

**Scope or Objectives** - When it is necessary to modify the scope or objectives of the award, submit a written justification for the change along with the revised scope or objectives of the award to KDA. If requesting to add a new project, submit a written justification for the change along with a project proposal to include the project title, purpose, potential impact, expected measurable outcomes, work plan, budget narrative, project oversight, and project commitment and signature of the Project Coordinator.

**Extension of Grant Agreement** - Where an extension of time is required; the extension(s) must be received in writing no later than 60 days prior to the expiration date of the award. The request must contain the following information:

1. The length of additional time required to complete project objectives and a justification for the extension.
2. A summary of progress to date (status of project timeline and objectives...etc.);
3. An estimate of remaining funds on the scheduled expiration date;
4. A projected timetable to complete the project for which the extension is being requested;
5. Signature of the Program Coordinator.

**Budget Changes** - Where a modification to the approved budget is required, the modification must be approved in writing by KDA if the amount of such modifications exceeds twenty percent (20%) of that budget category as last approved by KDA. A request for a budget change shall include: (a) a description of the change and (b) a justification for the change, and (c) the Project Coordinator signature(s). Note that if the cumulative amount of allowable budget changes is less than twenty percent (20%), prior KDA approval is not required.

### **11. Reporting Requirements**

All performance reports should be emailed to [kristen.branscum@ky.gov](mailto:kristen.branscum@ky.gov).

The final performance report and financial status report should be signed by the appropriate organizational representative and submitted to Kristen Branscum via email and hard copy to:

Kristen Branscum  
KDA: Office of Marketing & Product Promotion  
100 Fair Oaks Lane, 5<sup>th</sup> Floor  
Frankfort, KY 40601

All reports should be in Word and Excel format (no pdfs)

#### ***A. Quarterly Financial Reports***

At the end of every quarter each subgrantee must submit a quarterly financial report to KDA (forms provided by KDA upon award). No later than seven (7) days after the end of the quarter (quarters end: March 31, June 30, September 30 and December 31<sup>st</sup>)

#### ***B. Semiannual Project Status Reports***

Semiannual Project status reports are required 21 days after the end of the 2<sup>nd</sup> and 4<sup>th</sup> quarters of the granting period and each year until the expiration date of the grant. The performance reports should be organized under, but not limited to, the following headings for each project:

The semiannual performance report should include a cover page and sections for each project that detail the progress to date. Provide the following information in the order requested:

- Name of Organization
- Name of Point of Contact
- Type of Report (Annual or Final Performance Report)
- Date Report is submitted
- Project Title
- Activities Performed

Briefly summarize activities performed, targets, and/or performance goals achieved during the reporting period for each project. Include favorable or unusual developments. It is encouraged to clearly convey progress toward achieving outcomes by graphing baseline data and showing the progress toward achieving set targets. If targets have already been achieved, amend the outcome measure to a higher goal where the organization is challenged to go beyond what it is already doing. Identify the amended measurable outcome in the performance report.

- Problems and Delays

Note unexpected delays or impediments. Make sure to review measurable outcomes to determine if targets are realistic and attainable. An objective that is too stringent should be scaled back and identified in the performance report. Keep in mind that targets may slip due to all kinds of factors, such as employee turn-over and bad weather. Include revised work plan timelines if applicable.

- Future Project Plans

Outline work to be performed during the next reporting period for each project.

- Funding Expended To Date

Comment on the level of grant funds expended to date for each project.

### ***C. Final Performance Report***

A final performance report will be required within 75 days following the end date of the grant agreement. The final report will be combined by KDA with all other Specialty Crop Grant Reports awarded in Kentucky and submitted to USDA/AMS.

The final performance report should include a cover page and sections for each project that detail the progress to date. Provide the following information in the order requested:

- Name of Organization
- Name of Point of Contact
- Type of Report (Annual or Final Performance Report)
- Date Report is submitted
- Project Title
- Project Summary  
An outline of the issue, problem, interest, or need for each project.
- Project Approach  
How the issue or problem was approached via the project.
- Goals and Outcomes Achieved

How the performance goals and measurable outcomes were achieved for each project(s). If outcome measures were long term, summarize the progress that has been made towards achievement. It is encouraged to clearly convey progress toward achieving outcome measures by graphing baseline data and showing the progress toward achieving set targets.

- Beneficiaries  
Provide a description and quantitative data for the number of people or operations that have benefited from the project's accomplishments, and/or the potential economic impact of each project. Clearly state the project's accomplishments and/or the potential economic impact of the project.
- Lessons Learned  
Lessons learned, results, conclusions, for each project. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving.
- Additional Information  
Additional information available (e.g. publications, web sites, photographs).

## **12. Records Retention**

In accordance with Federal regulations, grant recipients should retain all records relating to the grant for a period of three years after the final financial status report has received by KDA or until final resolution of any audit finding or litigation.

## **13. Specialty Crop Block Grant Contacts**

For questions, please contact:

Kristen Branscum  
Director of Value-Added Plant Production,  
Agricultural Education, Farm Safety &  
Farmland Preservation

Kentucky Department of Agriculture  
100 Fair Oaks Lane, 5th Floor  
Frankfort, KY40601  
502-564-4983 x224  
kristen.branscum@ky.gov

## APPENDIX A: PROJECT PLAN EXAMPLES

### Project Purpose

Many school children do not have access to healthy fruits and vegetables (ISSUE). The School Nutrition Association will subsidize installation of salad bars in forty schools to increase access to nutritious fruits, vegetables and nuts in school breakfasts and lunches (OBJECTIVE). Not only will this result in increased purchases from specialty crop growers, but the evaluation component also will provide a model for other schools in their efforts to market healthy meals to children (IMPORTANCE). This project has not been submitted or funded by another Federal or State grant program.

### Potential Impact

In 2008, according to USDA, National Agricultural Statistics Service (NASS), the State's specialty crop industry occupied 3100 acres and had a value for utilized production of \$20 million. This is evidence of the success and potential for this program. New specialty crop varieties being developed through this program will enable the State's 150 farmers (# OF BENEFICIARIES) to be competitive in growing and marketing these specialty crops (HOW BENEFICIARIES WILL BE IMPACTED). These new crops could provide \$10 - \$15 million in additional farm income (POTENTIAL ECONOMIC IMPACT).

**Expected Measurable Outcomes** (*this section is extremely important, so please review all the information below.*)

### Steps to Developing Outcome Measures

Whenever possible, the outcomes should include a goal, performance measure, baseline, and a target. The following four steps provide guidance on how to develop outcome measures.

1) *Determine what the project will accomplish, i.e., the intended results of the project, generally expressed as a GOAL or OBJECTIVE.*

Goals or objectives should be: a) based on a needs analysis and be specific, realistic results you hope to achieve through the project activities; b) specific; and c) outcome-oriented. Outcome-oriented objectives identify the ultimate result, while the work plan activities identify how you intend to achieve the objectives. When developing outcome-oriented objectives, ask yourself "why" are you performing each grant activity; and specify not only what will be achieved, but also when those results will be achieved.

2) *Figure out how to measure the results and select the PERFORMANCE MEASURE.*

For each objective identified in step 1, select the performance measure. Performance measures are measures/indicators used to observe progress and measure actual results compared to expected results. They are usually expressed in quantifiable terms and should be objective and measurable (numeric values, percentages, scores and

indices); although in certain circumstances qualitative measures are appropriate.

*3) Determine the BASELINE for each measure and set TARGET goals for future performance.*

For each measure identified in step 2, determine the baselines against which you will measure. Baselines are usually determined by researching past circumstances in the area you are trying to measure. As an alternative, you may use benchmarks established by third parties accepted as the standard-setters in your industry. If data does not exist, describe the lack of data. It may be appropriate in the first year to set vaguer targets, such as “improvement” where any increase represents outcome achievement, and set more concrete targets in subsequent years when baseline data is available. Use the baseline data to set targets for the quantity of change expected. Targets may be framed in terms of:

- a) Absolute level of achievement (ex: feed 150 homeless people);
- b) Change in level of achievement (ex: feed 150 homeless people, 35 more than last year); or
- c) Change in relation to the scale of the problem (ex: feed 150 homeless people, approximately 10% of the city’s homeless population.)

If you are starting up a new project or trying new approaches remember that little or no measurable progress will be evident in the project start-up phase. This delay in seeing measurable results should be reflected in target-setting. When setting targets, you should take into account external factors that influence your success. You may have a grand ultimate goal, but you should view annual targets as small steps toward that ultimate goal.

You may also want to set stretch goals by using benchmarks as your targets. Benchmarks tell you how the rest of the industry is doing; when you gather data for benchmarks, you look at the results of other organizations serving your type(s) of customers, doing your type of work. In your State plan, you may want to stick to a modest level of planned achievement and reserve your stretch goals for internal use. Another alternative is to include minimum and maximum targets in your application. For example, “We plan, at a minimum, for a 5% increase. However, we will strive for a 10% increase, which our data shows is possible if all external factors work in our favor and our new methodology yields the same results in the demonstration phase.”

*4) Develop your performance monitoring plan or data collection plan.*

Define who your data sources are and how the data will be collected. If the project involves a survey, provide some information about the nature of the questions that will be asked, the methodology to be used and the population to be surveyed. If a draft questionnaire is available, you may want to include a copy with the application. Outline how data gathered will be used to correct deficiencies and improve performance, both as it gathered and analyzed and in subsequent project periods.

This data collection plan should be integrated into your work plan and budget.

Examples of Outcome Measures

The following are examples of outcome measures. They do not include examples of a performance monitoring plan.

*Example 1*

The GOAL of this project is to promote specialty crop X in Mexico in order to increase the volume.

Volume Increase:

BASELINE 2007: Actual volume (20# equiv. cases) of specialty crop exported to Mexico: 53, 969

TARGET 2008: 60,000

TARGET 2009: 70,000

TARGET 2010: 80,000

PERFORMANCE MEASURE: Derive from specialty crop commission assessment reports at the end of each year.

*Example 2*

Increase the number of specialty crop farmers following Good Agricultural Practices (GOAL) from the current 18 (BENCHMARK) to 55 in two years (TARGET) measured by the number of GAP audits passed (PERFORMANCE MEASURE).

*Example 3*

Increase fruit and vegetable purchases (GOAL) from the current level of \$2.50 (BENCHMARK) to at least \$3 per enrolled student in awarded schools in one year (TARGET) measured by bi-annual school reports (PERFORMANCE MEASURE).

*Example 4*

Work directly with specialty crop industry X to develop a uniform tool to access the health of their specialty crops to give the industry early warning of potential problems in order to optimize their management practices (GOAL). No such tool currently exists (BENCHMARK). The success of the evaluation will be measured by interviewing 20 stakeholders at the end of three years to determine if they developed the tool (TARGET and PERFORMANCE MEASURE).

*Example 5*

Develop a predictive model for the spread of the specialty crop disease, an analysis of virus resistant varieties, and a foundation for an integrated pest management (IPM) strategy to combat the disease (GOAL). No such model currently exists (BENCHMARK). The information will be shared with more than 700 tomato growers, increasing awareness of the model, at the 2008 conference break-out session

(TARGET) measured by attendance at the session (PERFORMANCE MEASURE).

*Example 6*

Increase visits to the Specialty Crop Website (GOAL) 25% over the course of one year (TARGET) from the current 9,000 annual hits (BENCHMARK) by

measuring website visits each month over the next year (PERFORMANCE MEASURE).

*Example 7*

Increase consumer awareness of specialty crops by distributing 1000 pieces of informational materials containing locations where to purchase specialty crops (GOAL). Six months after distribution, survey 50 locations (PERFORMANCE MEASURE) to determine if sales increased by 25% (TARGET) from the level before distribution of marketing materials (BENCHMARK).

**Work Plan**

<i>Example 1</i> Project Activity	Who	Timeline	Budget
Assemble the specialty crop steering committee to provide direction throughout project	Agricultural Marketing Council, specialty crop industry representatives from the mushroom, apple, and peach councils	January 2008	\$500.00
Develop statement of work for literature review	Ag Marketing Council	January	\$0.00
Procure literature reviewer	Ag Marketing Council	January – February	\$1000.00
Conduct literature review on the post-harvest nutritional content of specialty crops and report gaps to steering committee	ABC Consultant	February - March	\$5000.00
Prioritize research gaps; develop/issue Request for Proposals (RFP) for original research	ABC Consultant	March - April	\$500.00
Receive proposals; distribute to steering committee	ABC Consultant	April - May	\$100.00
Review and select proposals	Specialty crop steering committee	April - May	\$0.00
Develop and execute research grant agreements for selected projects	Ag Marketing Council	May - June	\$250.00

**Project Oversight**

The Director of Marketing and Development, John Doe, will work directly with the individuals identified as representing each partnering entity. Mr. Doe will coordinate the execution of cooperative agreements with each participating entity

and monitor progress throughout the year long grant period. He will contact the principals of each project by phone at least once during each quarter to determine if the projects are on-track.

**Project Commitment:** Provide the following information in this section:

- Who supports this project?
- How will a grant partners work toward the goals and outcomes of the project?

## **APPENDIX B: BUDGET NARRATIVE FORMAT**

Although there is no specific format for the supplemental budget, the budget should contain a narrative in paragraph format for the project in order for KDA to determine the costs are reasonable and allowable. The budget narrative should clearly show the federal funds that support the project.

1) PERSONNEL – Persons employed by the grantee or subgrantee organization should be listed in this category. Those employed elsewhere would be listed as subcontractors or consultants in the “Other” category.

In order for secretarial and clerical salaries to be allowable as direct charges to the awards, a justification of how that person will be directly involved in the project must be included in the narrative. General administrative or accounting duties are not considered acceptable. The duties must be directly related to the project plan.

For each project participant, indicate their title, percent of full time equivalents (FTE), and corresponding salary for the FTE.

For example, if a project participant’s salary is \$50,000 and they are participating 50% of their time on the project, the total budgeted salary cost would be \$25,000. Show the total for all SCBGP-FB funded personnel.

2) FRINGE BENEFITS – Provide the rate of fringe benefits for each project participant’s salary described in the personnel section. Show the total for all SCBGP-FB funded fringe benefits.

3) TRAVEL – Please provide the following information in the narrative if applicable: destination; purpose of trip; number of people traveling; number of days traveling; estimated airfare costs; estimated ground transportation costs; estimated lodging and meals costs; estimated mileage costs for the travel. Show the total for all SCBGP-FB funded travel.

4) EQUIPMENT – This category includes items of property having a useful life of more than one year and an acquisition cost of \$5,000. If the cost is under \$5,000, then include these items under SUPPLIES.

Provide an itemized list of equipment purchases or rentals, along with a brief narrative on the intended use of each equipment item, and the cost for all the equipment purchases or rentals.

Show the total for all SCBGP-FB funded equipment.

Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct and indirect charges.

Capital expenditures means expenditures for the acquisition cost of capital assets (equipment, buildings, land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost

for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the governmental unit's regular accounting practices.

General purpose equipment means equipment, which is not limited to research, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, reproduction and printing equipment, and motor vehicles.

Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5000.

Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of AMS. (Note: Prior approval from AMS means that the special purpose equipment must be included in the State Plan, and the State Plan must receive approval from AMS. If special purpose equipment was not originally included in the approved State plan, then the grantee must request approval from AMS to purchase the equipment before utilizing grant funds.)

Special purpose equipment means equipment which is used only for research, scientific, or other technical activities. The special purpose equipment must solely enhance the competitiveness of eligible specialty crops and benefit the specialty crop industry.

Rental costs of buildings and equipment are allowable as direct costs in accordance with the cost principles in Subpart T of 7 CFR 3015.

5) SUPPLIES – This is anything with acquisition cost under \$5,000 and could be anything from office supplies and software to educational or field supplies. For non-typical materials & supplies items, include a brief narrative of how this fits with the project.

Provide an itemized list and estimate the dollar amount for each item

For example, office supplies such as pens, paper, toner, etc - \$500; Gardening supplies such as soil and fertilizer - \$500.

Items such as telephone, postage, fax and express mail are more appropriately listed under the "Other" category.

Show the total for all SCBGP-FB funded supplies.

6) CONTRACTUAL – Provide a short description of the services each contract covers and include the flat rate fee OR the total hourly rate fee for each contract. When possible break out the specific costs associated with the contract.

Show the total for all SCBGP-FB funded contractual.

Compensation for contractor/consultant services should be reasonable and consistent with that paid for similar services in the marketplace.

Contractor/consultant rates shall not exceed \$130,000 per year or \$500 per eight-hour day, excluding travel and subsistence costs.

If the contract is for service or maintenance, costs should be in direct correlation to the use of the equipment for the project (i.e., if a particular copy machine is used 50% of the time for the project, the project should only be charged 50% of the service contract paid from Federal funds.)

7) OTHER – Provide a detailed description of all other direct costs such as:

a) Conferences/Meeting - Costs of holding a conference or meeting are included in this category. Some examples are the rental of facilities or equipment for the meeting. Details of costs for each conference or meeting should be broken out and provided in the budget.

o When paying for the travel of a person to attend a conference, meals and lodging may be included in the cost without additional justification.

o Meals may not be charged as project costs when individuals decide to go to lunch or dinner together when no need exists for continuity of a meeting. Such activity is considered to be an entertainment cost. Meals may be charged to the project if such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants. Include a justification for meal costs. Some examples of acceptable reasons are that the conference facility is located in a remote area where public facilities are not accessible; there will be a speaker and business discussions during the meal; there is insufficient time available to allow participants to go out on their own. If one or more of these justifications cannot be met, or if there are no other acceptable and compelling reasons, then the meals should not be charged to the award. The attendees should be responsible for providing their own meals.

o Breakfasts for conference attendees are usually considered unallowable as it is expected these individuals will have sufficient time to obtain this meal on their own before the conference begins in the morning.

Communications – Mailings, postage, express mail, faxes, and telephone long distance charges. Provide the estimated cost for this category.

Speaker/Trainer Fees- Provide the amount of the speaker's fees and a description of the services they are providing

Publication Costs –Provide the estimated cost of printing of brochures and other program materials or scientific or technical journals.

Data collection - Provide the estimated cost of collecting performance data to measure the project outcome measures.

Show the total for all SCBGP-FB funded Other.

- 8) **INDIRECT CHARGES** – Indicate percent of indirect costs.  
Show the total for all SCBGP-FB funded Indirect Charges.

Indirect cost should not exceed 10 percent. Provide a justification if indirect costs exceed 10 percent.

Indirect costs represent the expenses of doing business that are not readily identified with SCBGP-FB but are necessary for the general operation of the organization and the implementation of SCBGP-FB related activities. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved.

Common indirect costs include, but are not limited to: pre-award costs, proposal costs; depreciation or use allowances on buildings and equipment; costs of operating and maintaining facilities; general administration and general expenses; and personnel, legal, information technology, and accounting administration.

A cost may not be allocated as an indirect cost if it is incurred for the same purpose under SCBGP-FB as a direct cost and vice versa (personnel/contractual, travel, equipment, supplies, etc.)

- 9) **PROGRAM INCOME** – Indicate the nature or source of program income (for ex: registration fees), the estimated amount, and how the income will be used to further enhance the competitiveness of specialty crops.

If program income is earned it may be used for 1) expanding the project or program; 2) continuing the project or program after the grant or sub grant support ends; and 3) supporting other projects or programs that further the broad objectives of the grant program.

## **APPENDIX C: RESTRICTIONS & LIMITATIONS ON GRANT FUNDS**

- Grant funds may not be used to fund political activities in accordance with provisions of the Hatch Act (5 U.S.C. 1501-1508 and 7321-7326).
- Development or participation in lobbying activities pursuant to 31 U.S.C. 1352 including costs of membership in organizations substantially engaged in lobbying are unallowable.
- Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges.
  - Capital expenditures means expenditures for the acquisition of capital assets (equipment, buildings, land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the governmental unit's regular accounting practices.
  - General purpose equipment means equipment, which is not limited to research, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, reproduction and printing equipment, and motor vehicles.
  - Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or \$5000.
- Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of ISDA and the item will only to be used to solely benefit the competitiveness of specialty crops. Special purpose equipment means equipment which is used only for research, scientific, or other technical activities.
- Rental costs of buildings and equipment are allowable as direct costs in accordance with the cost principles in Subpart T of 7 CFR 3015.

## **APPENDIX D: ALLOWABLE COSTS**

All subawards are subject to those cost principles applicable to the particular organization concerned. For example, if KDA awards to a university, the cost principles applicable to a university will apply. Please refer to the applicable cost principles when developing your project activities and budget. You may reference Appendix A List of Selected Items of Cost Contained in OMB Cost Principles Regulations to locate the principles applied in establishing allowable and unallowable specific items of cost. All costs must be associated with project activities that enhance the competitiveness of specialty crops.

- State and Local Governments and Indian Tribal Governments - 2 CFR 225 (OMB Circular A-87). See Appendix B Unallowable and Allowable Costs for State Governments, for specific unallowable and allowable costs under the SCBGP-FB for State governments.
- Colleges and Universities - 2 CFR 220 (OMB Circular A-21).
- Non-Profits - 2 CFR 230 (OMB Circular A-122).
- For Profits - 48 CFR Part 31.2.

## **APPENDIX E: ADMINISTRATION OF GRANTS**

AMS applies the following federal grant uniform administrative requirements to the management of each grant award, and the Kentucky Department of Agriculture shall in turn apply these requirements to subgrantees based on the type of organization through contractual or cooperative linkages. For example, if KDA subawards to a non-profit, the administrative requirements applicable to a non-profit will apply.

- State and Local Governments and Indian Tribal Governments - 7 CFR 3015 and 7 CFR 3016
- Colleges and Universities - 7 CFR 3015 and 7 CFR 3019
- Non-Profits - 7 CFR 3015 and 7 CFR 3019
- For Profits - 7 CFR 3015 and 7 CFR 3019

## APPENDIX F: DEFINITION OF SPECIALTY CROPS

The following are the approved fruits, tree nuts, vegetables, culinary herbs, spices, medicinal plants, and nursery & floriculture crops under this specialty crop grant project.

Ajwain	Cicely	Hyssop	Potato
Allspice	Cilantro	Kiwi	Pumpkin
Almond	Cinnamon	Kohlrabi	Quince
Angelica	Citrus	Lavender	Radish (all types)
Anise	Clary	Lavender	Raspberry
Annatto	Cloves	Leek	Rhubarb
Apple	Coconut	Lemon balm	Rocket (arugula)
Apricot	Coffee	Lemon thyme	Rosemary
Artemisia (all types)	Collards (including kale)	Lettuce	Rue
Artemissia	Comfrey	Liquorice	Rutabaga
Artichoke	Comfrey	Litchi	Saffron
Arum	Common rue	Lovage	Sage (all types)
Asafetida	Coneflower	Macadmia	Salsify
Asparagus	Coriander	Mace	Savory (all types)
Astragalus	Cranberry	Mahlab	Senna
Avocado	Cress	Malabathrum	Skullcap
Banana	Cucumber	Mango	Snap or green
Basil (all types)	Cumin	Maple Syrup	Sonchus
Bay (cultivated)	Currant	Marjoram	Sorrel
Beans-Lima, snap, green, dry, edible	Curry	Marshmallow	Spinach
Beet, table	Cut Flowers	Melon (all types)	Squash-summer & winter
Blackberry	Date	Mint (all types)	St. John's wort
Bladder wrack	Dill	Mullein	Stevia
Blueberry	Eggplant	Mushroom (cultivated)	Strawberry
Boldo	Endive	Mustard & other greens	Suriname cherry
Bolivian coriander	Ephedra	Nectarine	Sweet corn
Borage	Feijou	Nutmeg	Sweet potato
Breadfruit	Fennel	Okra	Swiss chard
Broccoli (including broccoli raab)	Fenugreek	Olive	Tansy
Brussels sprouts	Fenugreek	Onion	Taro
Cabbage (including Chinese)	Feverfew	Opuntia	Tarragon
Cacao	Fig	Oregano	Tea Leaves
Calendula	Filbert (Hazelnut)	Orris root	Thyme
Cananga	Filé (gumbo, cultivated)	Papaya	Tomato (including tomatillo)
Candle nut	Fingerroot	Paprika	Turmeric
Caper	Foxglove	Parsley	Turnip
Caraway	French sorrel	Parsnip	Urtica
Cardamom	Galangal	Passion flower	Vanilla
Carrot	Garlic	Passion Fruit	Walnut
Cashew	Ginger	Patchouli	Wasabi
Cassia	Ginko biloba	Peas-Garden, English, edible pod	Water cress
Catnip	Ginseng	Peach	Watermelon

Cauliflower	Goat's rue	Pear	Witch hazel
Celeriac	Goldenseal	Pecan	Wood betony
Celery	Gooseberry	Pennyroyal	Wormwood
Chamomile	Grape (including raisins)	Pepper	Yarrow
Cherimoya	Guava	Pepper	Yerba buena
Cherry	Gypsywort	Permisson	
Chervil	Honey	Pineapple	
Chestnut (for nuts)	Hops	Pistachio	
Chicory	Horehound	Plum (including prune)	
Chive	Horseradish	Pokeweed	
Christmas Trees	Horsetail	Pomegranate	