



STATE OF CONNECTICUT
DEPARTMENT OF AGRICULTURE

Marketing Bureau



CONNECTICUT DEPARTMENT OF AGRICULTURE, MARKETING BUREAU
APPLICATION GUIDELINES FOR:

USDA SPECIALTY CROP BLOCK GRANT – FARM BILL PROGRAM
Fiscal Year 2010

Application Deadline: Monday, March 1, 2010 at 4:30pm

Grant Program Description

The Connecticut Department of Agricultural (hereinafter, "CTDOAG") is soliciting applications for projects that specifically address the goals that the United States Department of Agriculture (hereinafter, "USDA") has for solely enhancing the competitiveness of US specialty crops in domestic and foreign markets. *Specialty crops are defined by the USDA as fruits and vegetables, dried fruit, tree nuts, horticulture (including maple syrup and honey), and nursery crops (including floriculture).*

The USDA is the funding entity and has the final approval for projects submitted to the USDA for the Specialty Crop Block Grant. Although, CTDOAG and a review panel of industry representatives will make the initial review and award recommendations to the USDA, the USDA will make the final decision concerning grant awards.

Who Can Apply

Commodity groups, ag organizations, colleges and universities, producers, municipalities, state agencies, and agricultural nonprofits are all eligible for this grant program, provided their proposals meet all the specifications in this Request for Applications and the USDA's Notice of Federal Assistance.

Number of Grantees and Maximum Award

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

CTDOAG is looking to award multiple grants totaling over \$400,000.00. This is federal funding from the USDA and the amount of funding is based upon a formula analyzing specialty crop sales in the state of Connecticut.

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. Projects with shorter time frames are encouraged. No extensions of any kind are allowed. Please see Appendix C for USDA's regulations regarding Administration of Grants.

Deadlines

Announcement of open RFA -	November 23, 2009
Application Deadline –	March 1, 2010, 4:30pm
Review Panel Meets –	March 22, 2010
CTDOAG submits compiled application to USDA -	April 5, 2010
Expected Date of Grant Awards -	Before October 1, 2010

Submission Directions

All applications must be submitted via email to Jaime Smith, jaime.smith@ct.gov by close of business (4:30pm) on March 1, 2010.

Late applications will not be considered. Please keep in mind there is an occasional delay with email, therefore it is recommended you allow ample time for the email to successfully be received by CTDOAG.

Project Specifications

Projects must *solely* enhance the competitiveness of US specialty crops in domestic and foreign markets; specifically in regards to the following issues specified by USDA.

- a. Increasing child and adult nutrition knowledge and consumption of Specialty Crops
- b. Participation of industry representatives at meetings of international standard setting bodies in which the U.S. government participates
- c. Improving efficiency and reducing costs of distribution systems
- d. 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
- e. Investing in specialty crop research, including organic research to focus in conservation and environmental outcomes
 - f. Enhancing food safety
 - g. Developing new and improved seed varieties for specialty crops
 - h. Pest and disease control
 - i. Sustainability

Please note that projects must impact and produce measurable outcomes for the specialty crop industry and/or the public rather than a single organization, institution or individual. Single organizations, institutions, and individuals are encouraged to participate as project partners. Examples of unacceptable and acceptable projects are below.

Examples of unacceptable project; based upon information from the USDA:

1. A company applied for 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.
2. A proposal for funds from a specialty crop organization to promote their members' businesses.
3. 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 upon information from the USDA:

1. A State requests funding to contract with a university 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.
2. 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.
3. A single company requests funds to provide a viable pollination alternative to specialty crop stakeholders in the region, which currently does not have one.
4. A single specialty crop organization requests funds to conduct an advertising campaign that will benefit their specialty crop members.

Application Requirements

Applications must be submitted in the following format:

- Microsoft Word
- 12pt font
- Arial font
- 1 inch margins
- **Does not exceed six (6) pages including supporting documents.**

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

- **Project Title and Abstract:** Include the title of the project and an abstract of 200 words or less. .
- **Partner Organization:** Include the partner organization's name that plans to oversee or execute the project.
- **Project Purpose:** Clearly state the purpose of each project. The purpose should include the specific issue, problem, interest, or need to be addressed and why the project is important and timely.
 - If the project is a statewide marketing program or farmers' market project, describe how the you will ensure that funding is being used to *solely* enhance the competitiveness of eligible specialty crops.
 - For each project, indicate if the project will be or has been submitted to or funded by another Federal or State grant program and if the project duplicates efforts of the SCBGP-FB and the other Federal or State grant program. If it does not duplicate, how does it supplement?
- **Potential Impact:** Discuss the number of people or operations affected.
 - The intended beneficiaries of each project.
 - The potential economic impact if such data are available and relevant to the project.
- **Expected Measurable Outcomes:** For each project, describe *at least one distinct, quantifiable (an actual number, percentage, etc)*, 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.
For more information on establishing expected measurable outcomes, please see Appendix A

- **Work Plan:** For each project, explain briefly the activities that will be performed to accomplish the objectives of the project.
 - Indicate who will do the work of each activity.
 - Indicate the budget required for each activity.

Please see Appendix A for Work Plan layout.

- **Budget Narrative:** For each project, provide sufficient detail 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. Each bullet below should be responded to:
 - *Personnel.* For each project participant, indicate their title, the percent of full time equivalents (FTE), and the corresponding salary for the FTE.
 - *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.
 - *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. Equipment is an article of nonexpendable, tangible personal property having a useful life of more than one year an acquisition cost which equals or exceeds \$5,000. If under \$5,000, please include under supplies. Please see Appendix B 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 CTDOAG/AMS. The special purpose equipment must solely enhance the competitiveness of eligible specialty crops and benefit the specialty crop industry. (Note: Prior approval from CTDOAG/AMS means that the special purpose equipment must be included in the project Plan, and the project Plan must receive approval from CT/DOAGAMS. If special purpose equipment was not originally included in the approved project plan, then the grantee must request approval from CTDOAG/AMS to purchase the equipment before utilizing grant funds.) Rental costs of buildings and equipment are allowable as direct costs in accordance with the cost principles in Subpart T of 7 CFR 3015.
 - *Supplies.* Provide an itemize 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. Consultant may not exceed \$130,000 or \$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 budgeted costs associated with each project.
- *Indirect costs.* Indicate the percentage of indirect costs. Indirect costs should not exceed 10 percent of any proposed budget. Provide a justification if indirect costs are higher than 10 percent. 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.
- *Program Income.* If program income will be earned on any project, indicate the nature and source of program income, 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. The limit on indirect costs, not to exceed 10 percent, will be published in a Federal Register notice each fiscal year. Provide a justification if indirect costs exceed 10 percent or exceed that fiscal year's limit as announced in the Federal Register

***Please see Appendix B for information on Allowable Costs*

- **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 and work toward the goals and outcome measures of the proposed project.

CTDOAG, 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. CTDOAG 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 CTDOAG 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.

Application Evaluation

Applications will be evaluated by a review panel and awards will be determined based on the following requirements:

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? A well constructed budget will show in the highest detail possible how funds are to be expended.

Additional Documents:

Upon being awarded, the successful applicants will be required to complete the following documents, among others:

- j. Contract or Memorandum of Understanding
- k. SF 270
- l. Form W-9
- m. Vendor Form
- n. Provide quarterly invoices

Fund Disbursement

After CTDOAG application is approved by USDA and funds have been dispersed to CTDOAG, awardees will receive a portion of their total award up front and additional funds throughout the duration of the project on a quarterly basis.

Reporting Requirements for Approved Applications

Potential applicants are hereby notified that all successful grantees will be required to submit annual reports, and final reports. Grantees are subject to site visits, phone calls and emails to check on the status of their project(s) at any time for the duration of the award.

Annual Performance Reports: The Annual Report is required to CTDOAG 30 days after the end of the first year of the date of the signed grant agreement and each subsequent year until the expiration date of the grant period. The annual 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. Whenever possible, describe the work accomplished in both quantitative and qualitative terms. Include the

significant results, accomplishments, conclusions and recommendations. Include favorable or unusual developments.

- Provide a comparison of actual accomplishments with the goals established for the reporting period.
- Present the significant contributions and role of project partners in the project.
- Clearly convey progress toward achieving outcomes by illustrating baseline data that has been gathered to date and showing the progress toward achieving set targets.
- If a target of a project has already been achieved, it is encouraged to amend the outcome measure. This permits the project staff to “stretch” the goals in order to go beyond what they are already doing.
- Problems and Delays: Note unexpected delays, impediments, and challenges that have been confronted in order to complete the goals for each project. Explain why these changes took place.
 - Mention the actions that were taken in order to address these delays, impediments, and challenges.
 - 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.
 - In the event that the work plan timeline, expected measurable outcomes, budget, and/or methodology needs to be adjusted, provide an outline of those changes.
- Future Project Plans: Briefly summarize activities performed, targets, and/or performance goals to be achieved during the next reporting period for each project. Whenever possible, describe the work accomplished in both quantitative and qualitative terms.
 - Describe any changes that are anticipated in the project.
- Funding Expended To Date: Provide information regarding the level of grant funds expended to date.
 - In the event that a project gained income as a result of planned activities, provide the amount of this supplemental funding and how it will be reinvested into the project.

Final Performance Report: A final performance report will be required within 30 days following the end date of the grant agreement. The final report will be posted on the SCBGP-FB website. The final performance report should include a cover page and sections for each project that detail the progress to date 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: Provide a background for the initial purpose of the project,

which includes the specific issue, problem, or need that was addressed by this project.

- Establish the motivation for this project by presenting the importance and timeliness of the project.
- Project Approach: Briefly summarize activities performed and tasks performed during the grant period. Whenever possible, describe the work accomplished in both quantitative and qualitative terms. Include the significant results, accomplishments, conclusions and recommendations. Include favorable or unusual developments.
 - Present the significant contributions and role of project partners in the project.
- Goals and Outcomes Achieved: Supply the activities that were completed in order to achieve the performance goals and measurable outcomes for the project.
 - If outcome measures were long term, summarize the progress that has been made towards achievement.
 - Provide a comparison of actual accomplishments with the goals established for the reporting period.
 - Clearly convey completion of achieving outcomes by illustrating baseline data that has been gathered to date and showing the progress toward achieving set targets.
- Beneficiaries: Provide a description of the groups and other operations that benefited from the completion of this project's accomplishments.
 - Clearly state the quantitative data that concerns the beneficiaries affected by the project's accomplishments and/or the potential economic impact of the project.
- Lessoned Learned: Offer insights into the lessons learned by the project staff as a result of completing this project. This section is meant to illustrate the positive and negative results and conclusions for the project.
 - Provide unexpected outcomes or results that were a effect of implementing this project.
 - If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving.
- Contact Person: Name the Contact Person for the Project, telephone number, Email address
- Additional Information: Provide additional information available (i.e. publications, websites, photographs) that is not applicable to any of the prior sections.

Changes to a Submitted Project: Written, prior approval is requirement for the following changes:

- Change Key Personnel - When it is necessary to change the program contact for a period of more than three (3) months, submit a written request (email is

acceptable) to CTDOAG. Request should contain the new individuals 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 the CTDOAG and signature of the Project Coordinator. If requesting to discontinue all or a portion of a project and 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.
- Budget Changes - Where a modification to the approved project budget is required, the modification must be approved in writing by the CTDOAG if the cumulative amount of such modifications exceeds 20 percent (20%) of the project's total budget as last approved by the USDA. A request for a budget change shall include: (a) a description of the change and (b) a justification for the change, (c) the Project Coordinator signature. Note that if the cumulative amount of allowable budget changes is less than 20 percent, prior approval is not required.

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

Example 1

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
As appropriate, refer proposals to individual commodity research and promotion programs	Specialty crop steering committee and individual research and promotion programs	April - May	\$0.00

Develop and execute research grant agreements for selected projects	Ag Marketing Council	May - June	\$250.00
Obtain progress reports from researchers; synthesize for steering committee	Ag Marketing Council	September, December, March 2009, June 2009	\$0.00
Disseminate research results to steering committee and SCBGP-FB showing progress toward project outcomes	Ag Marketing Council	June 2009	\$500.00

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 principles 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

RESTRICTIONS AND 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 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.

ALLOWABLE COSTS

All subawards are subject to those cost principles applicable to the particular organization concerned. For example, if a State government subawards to a university, the cost principles applicable to a university will apply. 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 \(OMB Circular A-87\)](#).

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 C

ADMINISTRATION OF GRANTS

AMS applies the following federal grant uniform administrative requirements to the management of each grant award, and the State department of agriculture shall in turn apply these requirements to their subgrantees based on the type of organization through their contractual or cooperative linkages. For example, if the State government 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](#)