

## DBIA Grant Policies and Helpful Hints

### Small-Scale Grant Cycle - Spring 2021

#### 1. BACKGROUND:

The U.S. Department of Agriculture (USDA) has selected the Center for Dairy Research (CDR) at the University of Wisconsin-Madison and the Wisconsin Cheese Makers Association (WCMA) to serve, in partnership, as one of three national Dairy Business Innovation Centers in the United States. Our program is known as the Dairy Business Innovation Alliance (DBIA), which provides direct technical assistance and reimbursement grants to dairy producers, manufacturers and processors in the DBIA Region. This region includes the states of Illinois, Iowa, Minnesota, South Dakota and Wisconsin. The DBIA supports program participants in achieving the following goals: 1) dairy farm diversification through dairy product development, specialization, packaging and/or marketing strategies; 2) creation of value-added dairy products (use milk to manufacture cheese, yogurt, beverages, etc.); 3) enhance the value of a dairy commodity or by-product through product development or alternate use (e.g., converting liquid whey permeate for animal feed into a product for human consumption); and/or 4) creation or expansion of a program for exporting dairy products.

#### 2. AVAILABLE FUNDS:

During this grant cycle, the DBIA will distribute up to \$1 million in reimbursable grants ranging in size from \$5,000 to \$50,000. A grant review committee with members representing all five states of the DBIA will review and rank the applications based on the scoring criteria in this application and make subsequent awards. We are planning a second round of similar grants for the Fall of 2021.

#### 3. APPLICATION AND FUNDING TIMETABLE:

Applications available for download on the DBIA website: March 1, 2021

Applications due: April 30, 2021

Applications scored and selected: June 1, 2021

Applicants notified: June 10, 2021

Progress report due: 6 months following award notification and acceptance

Final project report due: 12 months following award notification and acceptance

*Note: Since the DBIA requires project reports for grant funds, upon accepting a grant you are committing to providing these reports. The DBIA will supply a report template for you to complete. USDA also requires that successful applicants have projects that can be completed within 12 months of the award date or a specific phase of a project (as spelled out in the application) can be completed within 12 months.*

#### 4. APPLICATION REQUIREMENTS AND SUBMITTAL:

An application form and grant policies can be found at <https://www.cdr.wisc.edu/dbia> or can be requested directly from Karen Nielsen, Program Coordinator, DBIA, [knielsen@cdr.wisc.edu](mailto:knielsen@cdr.wisc.edu) or 608-265-1491.

Applications must be received by DBIA, either via email ([knielsen@cdr.wisc.edu](mailto:knielsen@cdr.wisc.edu)) or postal mail (Center for Dairy Research, Babcock Hall Room 245, 1605 Linden Dr, Madison, WI 53706) by 5:00 p.m. on April 30, 2021.

## 5. APPLICANT ELIGIBILITY:

Applicants must satisfy the following criteria to be deemed eligible for Dairy Business Innovation Alliance grants. Applicants must:

- Operate or endeavor to operate a dairy farm or dairy manufacturing or processing facility in Illinois, Iowa, Minnesota, South Dakota, or Wisconsin.
- Have a proposal that strives to meet at least one of the stated DBIA goals, which are:
  - Dairy farm diversification through dairy product development, specialization, packaging and/or marketing strategies;
  - Creation of value-added dairy products (use milk to manufacture cheese, yogurt, beverages, etc.);
  - Enhance the value of a dairy commodity or by-product through product development or alternate use (e.g., converting liquid whey permeate for animal feed into a product for human consumption);
  - Creation or expansion of a program for exporting dairy products.
- Have no immediate family members (mother, father, brother, sister, spouse, or children) working for CDR or WCMA, or serving on the grant review committee.

## 6. MATCHING FUNDS:

Matching funds are not required.

## 7. APPLICANT NOTIFICATION:

Applicants will be notified by e-mail regarding the DBIA's decision regarding their application within six weeks after the closing date for submissions.

Successful applicants must respond in writing via email with their acceptance or rejection of the Award decision.

## 8. REIMBURSEMENT PAYMENTS:

Successful applicants will be reimbursed in full based on their applications upon providing valid documentation of payment, e.g., canceled checks, paid invoices, etc. All reimbursement submittals must occur within 12 months of the date of award.

If a successful applicant subsequently wishes to change the details of their award, they must notify the DBIA in advance. A written amendment stating the reasons for the change is required along with details of the changes and how they affect the application goals. The DBIA will reply in writing approving or denying the change request. In general, change requests are acceptable, as long as there is no change to the scope of the original application and all funds requested support the original application.

## 9. REPORTING REQUIREMENTS:

A written project progress report and final summary report will be required of all selected applicants. The timeline for progress reports is six months and twelve months from the date of the award. A template will be provided to grant recipients to help them with the report. A general overview of these reports is as follows:

- Description of the proposal's intent;
- Summary of proposal accomplishments and outcomes, including:
  - Jobs created or retained;
  - New products or processes developed;

Karen Nielsen, DBIA Program Coordinator | [knielsen@cdr.wisc.edu](mailto:knielsen@cdr.wisc.edu) | 608-265-1491

Funding for the DBIA was made possible by the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service through grant AM200100XXXXG001. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the USDA.

- Increase in products sold; and/or
  - Increase in markets reached.
- Other insights from proposal execution, including, wherever possible, industry-wide benefits.

DBIA reserves the right to modify reporting requirements.

## 10. CONFIDENTIALITY:

Applications submitted for funding and reports shall be subject to disclosure to the U.S. Department of Agriculture. DBIA reserves the right to post funded proposals, summary reports, and survey findings in media reports and on their website (<https://www.cdr.wisc.edu/dbia/>). DBIA and the Alliance's grant review committee will otherwise maintain confidentiality.

## 11. APPLICATION REVIEW:

This is a competitive grant process, with eligible applications being reviewed by members of the DBIA scoring committee. Each application will receive a score based on the criteria outlined below.

Please note that the DBIA reserves the right to:

- Reject any proposal received;
- Partially fund applications.

Successful applicants will be asked to confirm in writing (e-mail) that they accept the DBIA's offer of an award. In the unlikely event that an applicant rejects an award, the DBIA will formally rescind the award and the funds in question will be awarded to the next highest scoring application.

## 12. APPLICATION SCORING CRITERIA:

Applications will be scored individually by a grant review committee representing the five states plus DBIA and WCMA staff. Applicants will receive a maximum of 100 points with each committee member providing their individual scores. All scores will then be averaged, and applications will be ranked according to the average scores. Funds will be allocated starting with the application receiving the highest average score and work downward until the funds for this cycle are exhausted. Applications will be scored based on the following criteria:

### 12.1 Overall Grant Application: (0-10 Points)

Is the project/initiative described thoroughly, well-organized and easy to follow?

### 12.2 Business Plan (0-30 Points)

What is the quality of the project business plan? (*clear timelines, costs, deliverables, etc.*) (0-15 points)

How well has the applicant demonstrated their ability to successfully implement the project/initiative described and achieve their commercial objectives (*activities described, risk management, experience, collaborators, homework done! etc.*) (0-10 Points)

How has the applicant shown leverage in this application by including their own financial equity either through direct cash contributions or through contributing the use of existing property to this project? (0-5 Points)

**12.3 Project Budget: (0-25 Points)**

How complete is the project budget scope? Does it include such factors as labor costs, permits, other sources of funding as well as any planned expenditures such as equipment purchases, service installation costs, etc.? (0-15 Points)

The reasonableness of these costs/estimates. Where appropriate, are the budget numbers supported by service provider quotes, applicant’s written assumptions, equipment estimates, etc.? (0-10 Points)

The following is a sample Project Management Budget Format. Please note those expenditures that you are not requesting to be reimbursed for but are part of the project and those that you are requesting a reimbursement for. Any similar format is acceptable as long as the budgetary information is available. Please include your assumptions in developing your budget including vendor equipment estimates, installation estimates, quotes, invoices, emails from vendors, etc.

**Project Budget Category**

<b>Employees Related to the Project</b>				
Position or Title	# Hrs./Week	Hourly Rate	Total Cost	Amount Sought for this Grant

<b>Equipment Purchases, Supplies, Materials, Installation, etc.</b>				
Item Description	# of Units	Unit Cost	Total Cost	Amount Sought for this Grant

<b>Consultant Services/Contractors</b>				
Service Professional	# of Hours	Hourly Rate	Total Cost	Amount Sought for this Grant

<b>Production Facility Renovation</b>				
Activity Description	# of Units	Unit Cost	Total Cost	Amount Sought for this Grant

**Marketing**

Activity Description	# of Units	Unit Cost	Total Cost	Amount Sought for this Grant
----------------------	------------	-----------	------------	------------------------------

**Product Development Costs**

Activity Description	# of Units	Unit Cost	Total Cost	Amount Sought for this Grant
----------------------	------------	-----------	------------	------------------------------

**Sales**

Activity Description	# of Units	Unit Cost	Total Cost	Amount Sought for this Grant
----------------------	------------	-----------	------------	------------------------------

**Other**

Activity Description	# of Units	Unit Cost	Total Cost	Amount Sought for this Grant
----------------------	------------	-----------	------------	------------------------------

**Total Costs**

Non-Grant Expenditures	Total Cost	Amount Sought for this Grant
------------------------	------------	------------------------------

**12.5 Outcomes: (0-15 Points)**

- Does the initiative result in improved profitability/productivity for the applicant? *(0-5 Points)*
- Does the initiative result in the development of a new product or improved process, market expansion? *(0-5 Points)*
- Does the initiative support the retention or addition of jobs? *(0-5 Points)*

**12.6 Potential Industry Impact Considerations: (0-20 Points)**

What is the potential for this application to significantly impact the dairy industry through problem solving, new product development and/or market expansion at the local, regional or industry-wide level?

### 13. HELPFUL HINTS IN DEVELOPING YOUR APPLICATION:

The DBIA Grant Evaluation Committee recognizes that when one tries to develop a generic type of application that is to be used by all applicants regardless of the size or type of their grant request, some of the questions can be intimidating or not appear to be relevant to a specific client’s situation. The review committee is sensitive to this and has a number of suggestions to assist applicants.

- A DBIA grant information webinar is scheduled for Tuesday, March 9, 2021 at 1:30 p.m. CST. It will be recorded and posted on the DBIA website. Applicants are encouraged to view this before starting their applications.
- The DBIA strongly encourages all applicants/potential applicants to review the recent [“Lets get Started” webinar series](#) and [resources](#) posted on the DBIA website. Here you can obtain information on local/regional resources that can assist with framing your project and writing applications. For example, the Small Business Development Centers can help in developing a business plan or budget, which can then be inserted into the application.
- Budget –The project management budget should be realistically completed. This is not an operating budget but a project management budget that demonstrates what it will take to complete the project presented in the application, from a financial perspective. This would include such entries as:
  - Permit or labor costs;
  - Real estate related costs;
  - Sales and/or marketing costs where relevant;
  - Specialized equipment: Cost/quotes and alignment.
- In the application, provide estimates on the intended business impacts of the grant funds. Examples would include:
  - “Leverage”;
    - ✓ Would the grant funds allow you to gain access to other funds (e.g., a bank loan) or free up other funds for a non-reimbursable project cost?
    - ✓ Another example of leverage would be gaining knowledge from a consultant that will allow you to increase sales, productivity, production capabilities, etc.
  - Estimated job creation or retention as a result of this project/initiative – size is not a factor here, e.g., a two-person company hiring one more person would be an increase of 50%;
  - Estimated increases in sales volume, the opening of new sales outlets and/or the opening of new markets;
  - Improvement, efficacies or expansions in product delivery, e.g., opening an e-commerce site;
  - Projected increases in transportation efficiencies or logistics;
  - Other expected business benefits as a result of this grant.

### 14. REIMBURSEMENT COSTS

The DBIA has reviewed the AMS/USDA guidelines around allowable and unallowable costs for reimbursement. Here we provide a brief summary of some of those guidelines.

Further examples of allowable and unallowable costs are provided at the end of this document, along with a link to AMS official list of allowed and unallowed costs.

**Please contact the DBIA if you have questions regarding allowable/unallowable costs.**

#### 14.1 ALLOWABLE REIMBURSEMENTS: \*

Per the USDA, the purpose of the project in the application is to develop/implement a business-related initiative that has a dairy focus. For example:

- A dairy farmer who is seeking to diversify and wants to develop a yogurt-type product would be eligible.
- A dairy farmer who wants to diversify by building a wedding barn would not be eligible.

Eligible uses of the reimbursement grants with a dairy-focused initiative include, but are not limited to:

- Value-added product development;
- Specialty equipment needed to complete the applicant's project - examples:  
*The purchase of a cheese vat is allowed under technical activities.*  
*The purchase of an office computer is not allowed.*
- Business consultants whose areas of expertise contribute to the dairy-related initiative objectives;
- Marketing Costs - examples:  
*The promotion of ABC Cheese Company LLC is not allowed.*  
*The promotion of a smoked cheddar cheese made by ABC Cheese Company LLC is allowed.*
- The development of e-commerce website platforms;
- Feasibility studies.

**\*NOTE:** Expenses that are difficult to document (e.g., wages, travel, etc.) are discouraged as a reimbursable cost. They should be included in your business plan and budgeting process. We recommend asking for reimbursement grant funds for expenditures that are easy to document with paid receipts, etc.

#### 14.2 UNALLOWABLE REIMBURSEMENTS: \*

Ineligible uses of grant funds include, but are not limited to the following:

- Those marketing and equipment exceptions noted at the end of this document;
- Real estate purchases;
- Repayment of existing loans or mortgages;
- Rent or contract payments for time periods extending beyond the 12-month period allowed for eligible projects;
- Legal fees;
- Lobbying, fundraising or other political activities;
- The use of these funds to support existing dairy farm operations (e.g., herd management software).

**\*NOTE:** Further guidance for allowable and unallowable reimbursements is to be found at the end of this document. It is recommended that you review these details before completing your application to ensure you are in compliance with AMS/USDA regulations.

#### 15. APPENDIX: USDA / AMS - ALLOWABLE AND UNALLOWABLE COSTS:

The following summarizes some of USDA-AMS allowable and unallowable costs. The categories listed below were selected based on the most popular grant requests during the previous cycle.

Final decisions regarding eligibility will be based on the AMS published list of allowable/unallowable costs found in the link below.

<https://www.ams.usda.gov/sites/default/files/media/AMSGrantsTermsandConditions.pdf>



## BUILDING AND LAND - CONSTRUCTION

**Unallowable** for the acquisition of buildings, facilities, or land or to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations of an existing building or facility (including site grading and improvement, and architecture fees). This also includes construction and construction-related materials,

**Allowable** for rental costs of land and building space. However, lease agreements to own (i.e., lease-to-own or rent-to-own) are not allowable. The lease or rental agreement must terminate at the end of the grant cycle.

## CONSULTANT COSTS/PROFESSIONAL SERVICES

**Allowable subject to limitations below.** Contractual/consultant costs are expenses associated with purchasing goods and/or procuring services performed by an individual or organization other than the recipient in the form of a procurement relationship.

**Allowable** for contractor/consultant employee rates that do not exceed the salary of a GS-15 step 10 Federal employee in the area. This does not include fringe benefits, travel, indirect costs, or other expenses.

## EQUIPMENT

**Unallowable** for acquisition costs of general-purpose equipment or lease agreements to own (i.e., lease-to-own or rent-to-own).

**Allowable** for rental costs of general-purpose equipment. Vehicles may be leased, but not purchased. The lease or rental agreement must terminate at the end of the grant cycle.

**Allowable** for acquisition costs and rental costs of special purpose equipment provided specific criteria are met: See Link for details.

## DEFINITIONS

*General Purpose Equipment* means equipment that is not limited to technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

*Special Purpose Equipment* is equipment used only for research, scientific, or technical activities.

## SALARIES AND WAGES

**Allowable** as part of employee compensation for personnel services in proportion to the amount of time or effort an employee devotes to the grant-supported project or program during the period of performance under the Federal award, including salaries, wages, and fringe benefits. Such costs must be incurred under formally established policies of the organization, be consistently applied, be reasonable for the services rendered, and be supported with adequate documentation.

**Unallowable** for salaries, wages and fringe benefits for project staff who devote time and effort to activities that do not meet the legislated purpose of the grant program.

## SALES AND MARKETING COSTS

**Unallowable** for costs designed solely to promote the image of an organization, general logo, or general brand.



**Unallowable** for costs for promotion of specific venues, tradeshow, events, meetings, programs, conventions, symposia, seminars, etc. that do not align with the legislated purpose of the grant program.

**Unallowable** for promotional items, swag, gifts, prizes, memorabilia, and souvenirs.

**Allowable with conditions** for projects funded under “Farmers Market and Local Food Promotion Program” (FMLFPP) for marketing activities directly related to the funded project. Promotional items include point-of-sale materials, promotional kits, signs or streamers, automobile stickers, table tents and place mats.

**Allowable** for costs designed to promote products that align with the purpose of the grant program.

## 16. CONTACT INFORMATION:

**For grant information: Rebekah Sweeney**, Communications, Education, and Policy Director | Wisconsin Cheese Makers Association | 608-286-1001 | [rsweeney@wischeesemakers.org](mailto:rsweeney@wischeesemakers.org)

**For grant information: Karen Nielsen**, DBIA Program Coordinator | Center for Dairy Research | 608265-1491 | [knielsen@cdr.wisc.edu](mailto:knielsen@cdr.wisc.edu)

**For general information: Karen Nielsen**, DBIA Program Coordinator | Center for Dairy Research | 608265-1491 | [knielsen@cdr.wisc.edu](mailto:knielsen@cdr.wisc.edu) or **Vic Grassman**, Technology Commercialization Manager | CDR TURBO | 608-512-6661 | [vgrassman@cdr.wisc.edu](mailto:vgrassman@cdr.wisc.edu).

### For Additional Resources:

<https://www.wischeesemakersasn.org>

<https://www.cdr.wisc.edu/dbia/>