

# Dairy Business Innovation Alliance

## INDUSTRY IMPACT

### Grant Policies

and

### “Helpful Hints”

June 15, 2021

#### 1. BACKGROUND

The U.S. Department of Agriculture 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, the Dairy Business Innovation Alliance (DBIA), provides direct technical assistance and reimbursement grants to dairy producers, manufacturers and processors in the DBIA Region which includes the states of Illinois, Iowa, Minnesota, South Dakota and Wisconsin. The DBIA supports program participants in achieving three goals: on farm diversification, the development of value-added dairy products and an increase in dairy product exports.

#### 2. AVAILABLE FUNDS

During the 2021-2023 grant cycle, the DBIA will distribute up to \$1 million in reimbursable grants ranging in size from \$50,000 to \$250,000. *If these funds are not expended in the current round, the DBIA reserves the right to reallocate these funds to the small grant program or hold a second round of the large grant program.*

#### 3. GRANT PROGRAM OBJECTIVE AND PROJECT EXAMPLES

The objective of the DBIA Industry Impact Grant Program is to provide reimbursable grants to support research initiatives that could have a significant impact on the U.S. dairy products industry. The DBIA sees these initiatives driven either by individual entities, partnerships between entities or consortiums for profit, nonprofit and/or educational institutions. Applicants will use DBIA grant dollars to leverage their own resources and capabilities with innovative technologies to address current dairy industry challenges/opportunities that will not only benefit the applicant, but also positively impact the industry itself.

The following are examples of the **types of applications** that would be eligible for this program:

- A dairy ingredient company might apply for funds to help with a clinical trial (at a medical or nutritional sciences institution) on a new value-added dairy ingredient that would benefit the industry. This assumes that other ingredient companies could eventually have access to the research results.
- An applicant could apply for funds to commercialize a dairy related technology currently held by a university licensing organization that addresses food industry trends.
- An entity could initiate a partnership with a university/research center/innovator/entrepreneur for funds to conduct pilot trials or research innovation to solve an industry issue, i.e. fermenting dairy waste into value added products, new recyclable food packaging, etc.

- An applicant could hire a business consultant to develop a regional strategy, i.e., a marketing strategy including brand development for a group of sheep or goat dairy product producers and/or an export strategy for a region’s small dairy product producers.

The following are examples of **the types of activities** the DBIA would like to see in an application once a research topics is selected:

- Feasibility studies: marketing, bench-top, pilot plant trials, manufacturing etc.
- Scale up and commercialization activities
- Clinical trials
- The use of business consultants whose expertise contributes to the potential success of the research
- Business consulting for strategy development that benefits a region or industry sector, i.e. developing regional/sector targeted marketing or export strategies (except where USDA prohibits use of funds – see below for details)

**4. THE DBIA EXPECTS EACH APPLICATION WILL MEET SEVERAL CONDITIONS, INCLUDING:**

- Contain a project budget that identifies
  - The items/services requested for reimbursement.
  - The dollar value of all “in-kind” contributions from the applicant and partners. *This includes materials, staffing, additional financial resources, etc.*
- A project management timeline that includes contingency planning/options. Under current USDA rules, a successful applicant has a one-year time frame starting from the date of award acceptance to submit for reimbursement of all eligible expenses that were accepted in the original application. If this part of the research cannot be completed during this time frame, the applicant will need to apply for a one year, no cost extension. This request should be sent to the DBIA staff prior to the twelve-month cut-off date preferably at the eleventh month deadline so that the extension is in place before the end of the twelve months. This request should contain the following:
  - A summary of the overall research project including objectives and scope of work.
  - A summary of what has been completed within the research scope of work.
  - A summary of the research yet to be completed and the reasons why an extension is requested.
  - An estimated time of completion.
- A definition of what “success” means in terms of solving the stated problem or exploiting an opportunity and a reasonable estimate as to how this could positively impact the industry and the communication process to industry.
- Although a financial “match requirement” is not part of the evaluation process, it is expected that successful applicants will leverage the grant funds with their own resources to conduct the proposed research.

- The DBIA expects the for-profit applicant to benefit from the initial access/exclusivity of the research results. However, it is expected that subsequently, the research results will be available to the dairy products industry overall. As part of the application, the applicant must discuss the legal arrangement regarding the sharing of results between the partners, the projected exclusivity timeline and the process upon which the results of the project will be published/made available to the industry. Possible examples of this arrangement could include but are not limited to:
  - A for-profit company licensing a technology from a university for a finite period of time.
  - A for-profit company retains the IP internally to the research and keeps exclusivity for a finite period of time before offering the technology to industry.
  - A university publishing the results in a research publication.
  - A for-profit company executing a research agreement with a university, non-profit or entrepreneur. This agreement would reflect who owns the resulting intellectual property and the finite timeframe that the partners will have exclusivity over it until it is released to industry.
  - An agreement between a business consultant and its employers regarding the development of a regional business strategy that creates synergies between multiple for-profit companies to help them achieve their common business goals. This agreement should include the finite time frame that this strategy will remain exclusive between the employers and when the information would be provided to industry.

## 5. APPLICATION & FUNDING TIMETABLE

Applications available for download on the DBIA site: June 15, 2021

- Initial abstract due on or before July 23, 2021
- Abstracts reviewed and selected by July 30, 2021
- Applicants notified by August 3, 2021
- Full proposal due on or before September 30, 2021
- Proposals scored and selected: October 15, 2021
- Applicants notified on or before October 25, 2021

Proposal Timelines: The DBIA would prefer that proposals can be completed in one year or less. However, if this is not possible, the awardee can apply for a one year no cost extension with the objective of project completion no later than October 2023. If a project needs extra time i.e. past October 2023, awardee must notify the DBIA a minimum of 45 days in advance of this deadline. The DBIA will, then, need to request a one year no-cost extension from the USDA, who has confirmed that this is feasible.

## 6. 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 Vic Grassman, [vgrassman@cdr.wisc.edu](mailto:vgrassman@cdr.wisc.edu), 608-512-6661.

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

## 7. PARTICIPANT ELIGIBILITY

- Applicants must satisfy the following criteria to be deemed eligible for Dairy Business Innovation Alliance grants. Must currently operate or seek to become involved in such an endeavor as, a dairy farm or dairy manufacturing or processing facility in Illinois, Iowa, Minnesota, South Dakota, or Wisconsin.
- All organizations, partners or related affiliates of applicant must have physical locations within the five-state DBIA region, and all activities must be carried out within this region. Business consulting applications must target a specific geographic area or industry group within this same region.
- Must have a proposal that strives to show that the goal of the research aligns with at least one of the stated DBIA goals below:
  - Dairy farm diversification through dairy product development, specialization, packaging and/or marketing strategies.
  - Creation of value-added dairy products. (e.g., use of milk to manufacture cheese, yogurt, beverages, ingredients, etc.).
  - Enhance the value of a dairy commodity or byproduct 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 that assists exporting dairy products.
- The applicant must be able to demonstrate that they are well positioned via their own capabilities/resources and/or the complimentary capabilities of the partnering organization(s) in terms of expertise, research capabilities, etc. that would show that they would have a reasonable chance of success.
- The applicant must be a for-profit entity in the dairy industry and, if selected, will be the recipient of, and responsible for, the reimbursement funds to be distributed based on the application's specifications.
- The applicant will need to specify the roles and responsibilities of each of the partnering organizations, the location of the research resources/expertise provided and the identification of the primary investigator. The location of the research and/or related activities must be within the five state DBIA region.
- The applicant must have no immediate family members (mother, father, brother, sister, spouse, or children) working for CDR, WCMA, or serving on the grant review committee.

## 8. APPLICATION REVIEW PROCESS AND CONSIDERATIONS

We recognize the need for applicant proposal confidentiality. The grant review committee will be made up of the following to review the overall application submission.

- DBIA management team
- Department of Agriculture representative from each of the five states
- Midwest Dairy Association representative

The review committee will review the proposed research scope, available resources, timelines and costs from a realistic perspective and recommend those applications that have the highest potential for success. To maintain confidentiality, all reviewers will be required to sign nondisclosure agreements.

The DBIA reserves the right to not fund any application should they decide that none of the applications meet the requirements outlined.

## 9. ALLOWABLE & UNALLOWABLE REIMBURSEMENTS

The following is a brief overview of some activities that are eligible under this grant program, with funding provided by USDA. The DBIA recommends you consult the AMS/USDA website below for full detail. If you have any questions, please contact the DBIA and we will determine eligibility, in consultation with AMS/USDA if necessary.

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

**INSURANCE AND INDEMNIFICATION**

**Allowable** as indirect costs for insurance and indemnification.

**MEALS**

**Unallowable** for business meals when individuals decide to go to lunch or dinner together when no need exists for continuity of a meeting. Such activity is considered an entertainment cost.

**Unallowable** for breakfasts for conference attendees because it is expected these individuals will have sufficient time to obtain this meal on their own before the conference begins in the morning.

**Unallowable** for meal costs that are duplicated in a meeting participant's per diem or subsistence allowances.

**Allowable** for lunch or dinner meals if the costs are reasonable and a justification is provided that such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants.

**Allowable** for meals consumed while in official travel status. They are considered per diem expenses and should be reimbursed in accordance with the organization's established travel policies.

**PRINTING AND PUBLICATIONS**

**Allowable** to pay the cost of preparing informational leaflets, reports, manuals, and publications relating to the project; however, the printing of hard copies is discouraged given the prevalence of electronic/virtual publication means.

**REARRANGEMENT AND RECONVERSION COSTS**

**Allowable** as indirect costs incurred for ordinary and normal rearrangement and alteration of facilities.

**Allowable** as direct costs with prior approval for special arrangements and alteration costs incurred specifically for the award. Rearrangement and reconversion costs are those incurred in restoring or rehabilitating the non-Federal entity's facilities to approximately the same condition existing immediately before the start of the grant agreement, less costs related to normal wear and tear.

**SUPPLIES AND MATERIALS INCLUDING COSTS OF COMPUTING DEVICES**

**Allowable** for costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs. Only materials and supplies used for the performance of a Federal award may be charged to direct costs.

A computing device is considered a supply if the acquisition cost is less than the lesser of the capitalization level established by the recipient for financial statement purposes or \$5,000, regardless of the length of its useful life. In the specific case of computing devices, charging as direct cost is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award. Where Federally donated or furnished materials are used in performing the Federal award, such materials will be used without charge.

**TRAINING**

**Allowable** when the training is required to meet the objectives of the project or program, including training that is related to Federal grants management.

**TRAVEL – DOMESTIC**

**Allowable** for domestic travel, when costs are limited to those allowed by formal organizational policy and the purpose aligns with the legislated purpose of the program. The allowable travel cost of recipients that do not have formal travel policies and for-profit entities may not exceed those established by the Federal Travel Regulation, issued by General Services Administration (GSA), including the maximum per diem and subsistence rates prescribed in those regulations. If a recipient does not have a formal travel policy, those regulations will be used to determine the amount that may be charged for travel costs.

Note: since these are reimbursable grants, expenses that are difficult to document i.e., wages paid, travel, etc., are discouraged to be part of the actual reimbursable grant amount. They can and should be included in your application as part of your project plan and budgeting process. However, it would be to your advantage to ask for reimbursement grant funds for expenditures that are easy to document with a canceled check, paid receipt, etc.

**9.1 Ineligible used of grant funds include, but are not limited to the following:**

- Marketing expense exceptions as noted in the attached links and that do not solely benefit a single organization or entity
- Real estate purchases
- Repayment of existing loans or mortgages

- Rent or contract payments for time periods extending beyond the 12- or 24-month period allowed for eligible projects
- Legal fees e.g. patent applications
- Lobbying, fundraising or other political activities
- The use of these funds to support existing operations
- Funds for the expansion of a company facility or the purchase of equipment for the sole use of a single company or entity.

Again, the DBIA recommends you consult the AMS/USDA website below for full detail. If you have any questions, please contact the DBIA and we will determine eligibility, in consultation with AMS/USDA if necessary.

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

## **10. MATCHING FUNDS**

Matching funds or in-kind contributions are not required but, it is hoped this program will attract applications that leverage dollars/resources with other for-profit and/or non-profit organizations.

## **11. Applicant Notification**

Applicants will be notified by e-mail regarding the DBIA's decision regarding their application approximately one month after the closing date for submissions.

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

## **12. 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. Since these grants are quite large, upon request, reimbursement can be made on a quarterly basis after proper submittal of allowable expense documentation.

If a successful applicant subsequently wishes to change any 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, provided there is no change to the scope of the original application and all funds requested support the original application.

### 13. Reporting Requirements

Progress report: due 6 months following award notification and acceptance. If the project timeline is more than one-year, progress reports would be due in 6-month increments.

A written progress report and final summary report will be required of all selected applicants. The timeline for interim progress reports will be in 6 month increments with the final report no later than 3 months after project completion. A DBIA report template will be provided focusing on the following questions:

- Description of the proposal's intent
- Summary of accomplishments and outcomes compared with the submitted proposal
- Applicability and availability of the proposal progress to the wider dairy industry
- Any additional insights from proposal execution with the resulting potential industry benefits
- Demonstrate how value has been added to the dairy industry in such areas as:
  - New products or processes developed
  - Increase in products sold
  - Increase in markets reached or new markets opened
  - Identified new "value added" revenue streams

The DBIA reserves the right to modify reporting requirements.

### 14. 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 <https://www.cdr.wisc.edu/dbia>. DBIA and the Alliance's grant review committee will otherwise maintain confidentiality

### 15. Application Review

This is a competitive grant process, with eligible applications being reviewed by members of the DBIA review 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 or post) that they accept the DBIA's award offer for their submitted application. In the unlikely event that an applicant rejects an award, the DBIA will formally rescind the offer and funds will be awarded to the next highest scoring application

## 16. Application Scoring Criteria

Applications will be scored by the grant review committee composed of:

- DBIA management team
- Department of Agriculture representative from each of the five states
- Midwest Dairy Association representative

Applicants will be able to receive a maximum score of 100 points. The review committee will score each project and a final average score will be used to determine the award winners. Funds will be allocated starting with the application receiving the highest score, followed by the next highest scoring application and so on, until all funds have been allocated.

### **A. OVERALL GRANT APPLICATION (0-10 Points)**

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

### **B. PROJECT DELIVERABLES: ALIGNMENT & INTENT (0-30 Points)**

What specific aspect of the dairy industry's challenges is the application addressing?

*Waste treatment? New product or process? Improved export potential? e.g. increased shelf life, sustainability, shipping cost reduction for exports?*

How does the applicant expect to benefit from the project?

*Create new products, address industry trends, open new export opportunities...*

How applicable are the project goals to the wider U.S. dairy industry?

*If IP is involved, we expect to see some limitations (e.g. applicant may have exclusivity for several years) but how would the use of this technology improve the wider dairy industry?*

How will the project add value across the milk supply chain?

*How will success benefit milk suppliers (farmers), cheese manufacturers, converters...*

### **C. TECHNICAL DESIGN & MERIT (0-20 Points)**

Is the project based on technology that is readily available and needing commercialization or does it need considerable development?

Is the project "stage-gated"? What are the critical points?

### **D. PROJECT BUDGET (0-25 Points)**

The budget is not an operating budget. It is requested to demonstrate what it will take to complete the project as laid out in the application from a financial perspective. It should explain how the funds requested align with the activities outlined and objectives of the application.

Project expenses are expected to deal mainly with trial expenses or funding of research activities that may include feasibility studies, renting of specialized equipment, funding of benchtop experiments, application trials etc. Please include the estimated rate costs and time schedule for each anticipated expense, e.g. rental of specialized analytical equipment - \$500 per month for 6 months.

*DBIA can only award funds for the amount specified in the award.*

***Budget Points will be awarded based on the following:***

How complete is the project budget scope? Are the reimbursable costs clearly aligned with the objectives outlined? Does it include such factors as other sources of funding as well as any planned expenditures such as equipment purchases, professional services 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)

**E. OUTCOMES**

**(0-15 Points)**

Does the project provide an estimate of the potential commercial impact along with an expected timeline?

Does the project outline how the wider dairy industry can benefit?

**17. Contact Information**

For technical questions or for general information on submitting a proposal, contact:

**Vic Grassman** – [vgrassman@cdr.wisc.edu](mailto:vgrassman@cdr.wisc.edu) (608-512-6661) or **Tom Guerin** – [tguerin@cdr.wisc.edu](mailto:tguerin@cdr.wisc.edu) (608-982-6548)

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

**For Additional Resources:**

<https://www.wischeesemakersassn.org>

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

**Frequently Asked Questions (FAQs)**

**WHAT IS THE DAIRY INDUSTRY IMPACT INITIATIVE?**

The goal of the initiative is to encourage the dairy industry to take on projects that will significantly impact themselves and the broader industry.

**CAN THE GRANT FUNDS GO TO A RESEARCH PARTNER?**

Yes. The use of the funds should be clearly laid out in the application, but the research partner (University or other innovation organization must be located within the 5-state DBIA region).

**DOES THE WORK HAVE TO BE DONE WITHIN DBIA'S FIVE STATE REGION?**

Benchtow work, plant trials and scale-up work must be based within DBIA's 5-state region (IA, IL, MN, SD, WI).

**CAN A COMPANY SUBMIT MORE THAN ONE APPLICATION?**

Yes.

**IS THERE A MATCHING FUNDS REQUIREMENT?**

While no matching funds are required for this program, we expect the applicants will need to utilize some of their own capabilities and resources. This must be called out in the application.

**ARE THERE ANY CONDITIONS TO THE AWARD?**

A progress report and final report will be required. Periodic updates after the funding ends will be required.

Additionally, by accepting the award, applicants agree that the project details (title, abstract, etc.) may be shared with USDA. Public notification of approved projects will also make use of the abstract to convey the scope of work undertaken and potential benefits.

Successful applicants may advertise their successful award.