

# Southeast Dairy Business Innovation Initiative Grant Application

<b>Full Legal Name of Applicant/Business</b>					
<b>Street Address</b>					
<b>Mailing Address (If different)</b>					
<b>Primary Contact Name</b>				<b>Title</b>	
<b>Primary Contact Email</b>				<b>Primary Phone</b>	
<b>Project Title</b>					
<b>Project Start Date</b>		<b>Project End Date</b>		<b>Total Grant Request</b>	

## SECTION 1: GOAL ALIGNMENT & ELIGIBILITY

In order to be eligible, applicants must meet all of the following criteria set forth by USDA AMS:

1. Diversify dairy product markets to reduce risk and develop higher value uses for dairy products;
2. Promote business development that diversifies farmer income through processing and marketing innovation; and
3. Encourage the use of regional milk production.

Please identify which of the following goals your application supports; you may select more than one. It is also suggested that applicants review the scoring criteria ([LINK](#)) before filling out the application.

- Modernization, specialization, and grazing transition on dairy farms;
- Value chain and commodity innovation and facility and process updates for dairy processors; and
- Product development, packaging, and marketing of dairy products.

In order to be eligible, the application must be complete, legible, and meet the goal(s) alignment. Incomplete or illegible applications will not be considered.

- I acknowledge that I have read the above statement and that the application meets these standards.

For a list of eligible and ineligible cost-share items follow this [LINK](#), please click [HERE](#) to see more specific information.



Provide a brief explanation (1 to 2 paragraphs) as to how your application meets each category selected. Further details are expected in the full application.



Are you a prospective or current United States-owned dairy business that develops, produces, markets or distributes dairy products (based on [Code of Federal Regulations Title 15:801.2](#))?

Yes     No

***Note: If your project does not align with the goals of the Southeastern Dairy Business Innovation Initiative or your business is not US-owned, then you are not eligible for this grant.***

In order to complete your application, please type the answers to the questions below directly into this document. When completed, attach any supporting materials to the end of the document. Please keep the entire application under 30 pages total, maintaining at least 11-point font. Submit your application using the "submit" button at the end of the application.

**SECTION 2: PROJECT SUMMARY**

Describe your project and its intended outcomes. Be sure to include applicable details regarding the existing business (if applicable), establishment of a new business (if applicable), new value-added products or processes developed, job(s) created or retained, expected increases in sales volumes, expected expansion of export endeavors and any industry-wide benefits at the local or regional level. State where you are in the project implementation process (e.g., considering a feasibility study or buying equipment), provide a summary of the outcomes you are trying to achieve, and how you think the grant would benefit your existing business. *As a reminder, services, construction, equipment already purchased and acquired at the time of application cannot be reimbursed in this grant program.*

**SECTION 3: WORK PLAN AND DELIVERABLES (6,000 character limit)**

Describe the major steps and activities needed to complete your project and achieve each outcome noted in your Project Summary. Provide details on if you currently have a permitted dairy business enterprise(s) (see [Scoring Criteria](#)). Provide an estimated completion date for each step. Describe how each of the items to be funded through this grant will contribute to the overall project.

**SECTION 4: BUSINESS PLAN (6,000 character limit)**

Please use the space below to describe your business plan. If you do not have a business plan, please state that fact below, and include information on your intent to develop a business plan in the future. Include a timeline of when you expect to complete the plan and the resources you are going to use to achieve this. If you have an existing business plan, please submit it as a separate document when you submit this application.



## SECTION 5: PROJECT BUDGET

Describe all of the elements of your project budget including vendor estimates whenever possible. Please attach vendor estimate documents when you submit this grant application. Please specifically note the exact expenses for which you seek reimbursement through this grant program (written under “Amount from this grant”). If you do not have a written cost estimate from a vendor, please note “verbal vendor estimate” or “personal research” next to the dollar figure you state under Unit Cost below. Remember to check the Allowable and Unallowable costs BEFORE submitting the application ([LINK](#)). Including unallowable costs could lead to disqualification of the application. An example budget can be found by following this ([LINK](#)). The table below can be used for outlining your budget. For those who need more space, a fillable spreadsheet can be found here ([LINK](#)). If you choose to use the spreadsheet instead of the budget field below, please submit it as an attachment using submission button at the bottom of this application.

Project Budget Category				
-------------------------	--	--	--	--

Employees Related to the Project				
----------------------------------	--	--	--	--

Position or Title	# Hrs./Week	Hourly Rate	Total Cost	Amount from this grant
-------------------	-------------	-------------	------------	------------------------

Equipment Purchases, Supplies, Materials, Installation, etc.				
--	--	--	--	--

Item Description	# of Units	Unit Cost	Total Cost	Amount from this grant
------------------	------------	-----------	------------	------------------------

Consultant Services/Contractors				
---------------------------------	--	--	--	--

Service Professional	# of Hours	Hourly Rate	Total Cost	Amount from this grant
----------------------	------------	-------------	------------	------------------------

Production Facility Renovation				
--------------------------------	--	--	--	--

Activity Description	# of Units	Unit Cost	Total Cost	Amount from this grant
----------------------	------------	-----------	------------	------------------------

Marketing				
-----------	--	--	--	--

Activity Description	# of Units	Unit Cost	Total Cost	Amount from this grant
----------------------	------------	-----------	------------	------------------------

**Product Development Costs**

Activity Description	# of Units	Unit Cost	Total Cost	Amount from this grant
----------------------	------------	-----------	------------	------------------------

**Sales**

Activity Description	# of Units	Unit Cost	Total Cost	Amount from this grant
----------------------	------------	-----------	------------	------------------------

**Other (i.e. permits, registrations, licensing, fees, etc.)**

Activity Description	# of Units	Unit Cost	Total Cost	Amount from this grant
----------------------	------------	-----------	------------	------------------------

**Total Costs**

Non-Grant Expenditures	Total Cost	Amount from this grant
------------------------	------------	------------------------

**Additional Funding information:**

In this section, please outline if you have applied for funds from any other sources? Are you relying on these other sources of funds for completion of this project? What is your timeline on receiving these funds? Have you applied for funds using any other business names or aliases that will help you complete your project goals?

**SECTION 6: CERTIFICATION**

*Certification: By signing or typing my name below, I certify to the best of my knowledge that:*

- The information in this application is true and correct*
  
- I am legally authorized to sign and submit this application on behalf of this dairy business, which is also legally eligible to enter into a grant agreement*
  
- I agree to provide a project report twelve months after the project is completed and a final report by August 31, 2023 that includes information about increases in sales and markets reached, new dairy products or processes developed and jobs maintained or created as a result of the dairy project.*

Authorized Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

Use the button below to send us your application once it is complete. Supporting documents including milk tests, vendor quotes, budget spreadsheet, and business plan can be submitted as an attachment to the email that will be generated once you click this button.

If you would prefer to mail your application instead, please send it to the following address:

Dairy Business Innovation Initiatives  
244 Brehm Animal Science Building  
2506 River Drive  
Knoxville, Tennessee 37996

## **Application Evaluation and Scoring Criteria:**

**Subawards will only be made to prospective or current dairy businesses. Applications will be reviewed by a committee of experts in dairy farm and foods production.**

Specific scoring criteria are listed below. Applicants may receive a maximum of 100 points:

- Grant Application (5 possible points)
  - Is the project description thorough and well-organized?
- Goals Alignment (10 possible points)
  - How well does the project focus on at least one of the program alignment areas?
- Summary (20 possible points)
  - Does the project result in improved profitability for the applicant?
  - Does the project result in a new process or product?
  - Does the project support the retention or addition of jobs?
  - Does the project support growth in the dairy supply chain?
- Work Plan (20 possible points)
  - Has the applicant considered critical issues for a dairy business?
  - If there is an existing dairy farm, is the farm permitted?
  - If there is an existing dairy plant, is the plant permitted?
  - Is the timeline reasonable and achievable within the grant period?
- Business Plan (20 possible points)
  - Will the numbers of animals milked and volume of milk produced support the project?
  - If milk will be purchased from farms, does the business promote business development that diversifies farmer income through processing and marketing innovation and that encourages the use of regional milk production?
  - Does the project have a strong network of support from industry stakeholders?
  - Does the project make sense financially, technologically, physically, etc.?
- Budget (20 possible points)
  - Is the total amount justifiable to achieve activities and outcomes?
  - Is each budget item necessary to achieve the reported outcome?
  - Are costs reported reasonable?
- Other Considerations (5 possible points)
  - Is there any industry-wide benefit to the project?



# Submission and Approval

## Submission of the Application

Applications must be received by each state entity by October 1, 2021 by pressing the “Submit” button at the bottom of the application. If you are unable to submit using the “Submit” button, contact your state coordinator for assistance.

Applications will be reviewed within 60 days after the application period closes.

## Confidentiality

Applications submitted for funding and reports shall be subject to disclosure to the U.S. Department of Agriculture. The SDBII group reserves the right to post funded proposals, summary reports and survey findings in media reports.

## Application Review

This is a competitive subaward process, with each application reviewed by a committee and receiving a rating based on scoring criteria outlined above. The rating score will determine projects to be funded.

Please note that the Southeastern Dairy Business Innovation Initiative reserves the right to:

- Reject any application received;
- Waive or modify minor irregularities in applications received after notification and written agreement of applicant;
- Partially fund applications; and
- Withhold final payments, should progress reports not be filed.

## Key Contacts

Dr. Liz Eckelkamp, Dairy Extension Specialist  
University of Tennessee  
(865) 974-8167  
[eeckelka@utk.edu](mailto:eeckelka@utk.edu)

Hannah Wright, Subaward Committee Chair  
University of Tennessee  
(865) 974-7245  
[hwright13@utk.edu](mailto:hwright13@utk.edu)

Dr. Stephanie Ward, Dairy Extension Specialist  
North Carolina State University  
(919) 515-4015  
[ncdairyextension@ncsu.edu](mailto:ncdairyextension@ncsu.edu)

Jennifer Hickerson, Dairy Consultant  
Kentucky Dairy Development Council  
(859) 516-2458  
[j.hickersonkddc@gmail.com](mailto:j.hickersonkddc@gmail.com)

# Southeastern Dairy Business Innovation Initiative

## Grant Policies, Instructions, FAQs

### Background Information

Tennessee, North Carolina, and Kentucky were awarded a grant by the U.S. Department of Agriculture, Agricultural Marketing Service (USDA-AMS) to support value-added dairy enterprises in the region. Producer-processors and other dairy businesses are invited to submit applications up to \$500,000 through this opportunity. Grant requests exceeding \$150,000 should operate a licensed dairy farm and/or dairy plant, utilize a large portion of local milk, and include a robust business plan. We anticipate making at least 10 awards from this funding and will try to balance awards across states. Applicants who have previously applied to the TN DBII grant are encouraged to submit applications to this opportunity if they support a new project (not previously funded) or justify the need for additional funds to an existing project (i.e., diversified products, increased milk usage, etc.). The program opens in 2021 for eligible participants in Tennessee, North Carolina, and Kentucky and will run through 2023. Annual application cycles will be announced by July 31st each year.

The Southeastern Dairy Business Innovation Initiative (SDBII) program is funded through the USDA-AMS. The SDBII program was developed to assist regional efforts to support dairy businesses in the development, production, marketing, and distribution of dairy products. These initiatives serve to:

- Diversify dairy product markets to reduce risk and develop higher value uses for dairy products;
- Promote business development that diversifies farmer income through processing and marketing innovation; and
- Encourage the use of regional milk production.

Applications may be submitted by prospective or current dairy businesses provided the dairy business diversifies dairy product markets to reduce risk and develop higher value uses for dairy products, promotes business development that diversifies farmer income through processing and marketing innovation, and encourages the use of regional milk production.

Grant applications for prospective or current dairy businesses provided by the SDBII must focus on one or more of the following areas:

- Modernization, specialization and grazing transition on dairy farms;
- Value chain and commodity innovation and facility and process updates for dairy processors; and
- Dairy product development, packaging and marketing.

This is a reimbursement program and applicants must receive prior written approval of their project before incurring any expense. Appropriate documentation (including copies of paid receipts) of each expense must be provided when requesting reimbursement. Applications will be reviewed within 60 days after the application period closes.

# Definitions

**Dairy businesses** are businesses that develop, produce, market, or distribute dairy products.

**Dairy plants** are any location where milk, cream, dairy products, or trade products are received for the purpose of manufacturing, processing, or packaging (T.C.A. 53-3-106).

**Dairy products** must be derived from the milk of hooved mammals including, but not limited to: cattle, water buffalo, sheep, goats, yaks, llamas, alpacas, camels, deer, reindeer, moose, horses, donkeys, etc. (Pasteurized Milk Ordinance, 2017 revision). Dairy products are products manufactured for use by humans which are derived from the processing of milk and include fluid milk products. Products may include but are not limited to butter, cheese (whether natural or processed), skim milk, cream, whey or buttermilk (whether dry, evaporated, stabilized or condensed) and frozen desserts.

**Milk producers** are any persons who operate a dairy farm and provide, sell, or offer milk for sale to a milk products plant, receiving station, or transfer station (0080-03-02-.01(38)).

**Permitted dairy farms** are any place or premises where one or more cows or goats are kept, and from which a part or all of the milk or milk product(s) are provided, sold, or offered for sale to a milk products plant, or receiving station (0080-03-.01(41)). The Pasteurized Milk Ordinance expands this definition to include sheep or other lactating animals.

**Projects** are what you plan to accomplish or achieve as a result of receiving the subaward. For example, your project may include training, developing a feasibility study or food safety plan and/or purchasing dairy processing equipment.

# Frequently Asked Questions

## Who is eligible for this grant?

Applicants must meet all of the following criteria: (1) operates or endeavors to operate a dairy farm or dairy plant in Tennessee, Kentucky or North Carolina, (2) has a project that meets the following goals: (2a) diversifies dairy product markets to reduce risk and develop higher value uses for dairy products, (2b) promotes business development that diversifies farmer income through processing and marketing innovation, (2c) encourages the use of regional milk production; and (3) has no immediate family members, i.e. parents, siblings, spouse, or children, working with the SDBII, or serving on the subaward review committee.

## What is eligible for reimbursement?

The SDBII 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 your state coordinator if you have questions regarding allowable/unallowable costs.**

## What are 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.
- A dairy farmer who wants to diversify by selling freezer beef 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.*
  - The purchase of livestock is not allowed.*
- Business consultants whose areas of expertise contribute to the dairy-related initiative objectives;
  - Hiring a consultant to conduct a feasibility study is allowed.*
  - Paying legal fees to a lawyer to represent you or the business as a defendant or plaintiff is not allowed.*
  - Hiring a lawyer as a consultant to create an LLC or Inc. is allowed under business consultants.*
- 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 and business plan development

**\*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.

### **What are 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, precision dairy technologies, land improvement (fences, seed, etc.), or upgrades of existing dairy farm or plant facilities.

**\*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.

### **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. Acquisition costs may include installation costs. However, installation costs (electricity, piping, water, etc.) are not eligible on their own.

## 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 (i.e. can only be used for creation of a processed dairy product).

## 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.

### What would count as a new process for my operation?

New processes might include adding alternative sizes of products, or adding additional product types to the line of products you currently sell. Adding a separator or in-line pasteurizer to your facility, or HTST or UHT instead of vat pasteurization would also count.

### What projects are eligible?

Eligible projects involve: (a) modernization, specialization, and grazing transitions on dairy farms, (b) value chain and commodity innovation and facility and process updates for dairy processors, or (c) dairy product development, packaging, and marketing.

### What projects are ineligible?

Projects that are ineligible involve: (a) real estate purchases, (b) repayment of loans or mortgages, (c) rent or contract payments for time periods extending beyond the 12-month period allowed for eligible projects, (d) legal fees, or (e) lobbying, fundraising, or other political activities.

## **How should I estimate and document the cost of the items in my project?**

Applicants must document the costs of project items by reaching out to prospective vendors and requesting price quotes. For major items (costing over \$1,000 per unit) multiple official quotes should be included as supporting documents upon application submission. If multiple vendors are not available, provide a short justification for a single course quote. Below an example is provided of a single source justification:

“In the state of Tennessee, limited equipment suppliers for things such as (INSERT EQUIPMENT HERE) exist. Our business conducted an in-depth review of the available brands (INSERT BRANDS CONSIDERED HERE), and settled on the (INSERT BRAND YOU HAVE A QUOTE FOR) because it (LIST REASON: COULD BE EXISTING EQUIPMENT YOU HAVE; COULD BE ONLY BRAND AVAILABLE). Because of this, we are requesting \$XXXX to support the purchase of an (INSERT EXACT NAME OF EQUIPMENT FROM QUOTE).

If the total cost exceeds what you have requested, include where the remaining funds will come from:

For example, if the grant cap was \$25,000: “The total cost from our provided estimate is \$29,020.00. The remaining funds to purchase this equipment (\$4,020) will come from (INSERT FUNDS SOURCE HERE – could be the business itself, etc.)”

## **How do I access the application?**

The SDBII Application may be found at the Value-Added Dairy website at <https://utdairy.tennessee.edu/value-added-dairy-grant-application/> or it may be requested directly from Shepherd Stearns at [sstearn1@utk.edu](mailto:sstearn1@utk.edu) or at (860) 595-6053.

## **What is the time table for this?**

The project outlined in the application must be completed within 12 months of approval. Recipients of grants agree to provide a progress report 12 months after the project is completed, and a final report by August 31, 2023. The reports should include information about outcomes of feasibility studies, market analyses, business plans, increases in sales and markets reached, new products or processes developed and jobs obtained or created as a result of the project. Those applicants with a current dairy processing or marketing business will be asked to provide a baseline of sales in dollars and an initial customer count at the beginning of the project.

## **Will I be required to match a certain amount of the funds given to me?**

No, you will not be required to do so.

## **How will funds be given?**

Recipients will be reimbursed in full following a receipt of a paid invoice and approval by the SDBII award review panel. Food handling equipment must meet state Department of Agriculture standards and receive approval before purchasing, or costs will not be reimbursed.

## **Can I apply for something I have already purchased?**

No, you will only be reimbursed for approved items bought after your application’s approval.

## **When are my progress reports due?**

The first progress report is a written report due 12 months after the project is completed. The final report is due by August 31, 2023.

What information should be included in my progress report? Description of the project intent, summary of the project accomplishments and outcomes, including: dollar amount of increase in sales, increase in markets reached, new products or processes developed, jobs retained or created. In addition, there should be other insights from project execution, including, wherever possible, industry-wide benefits. Note: The University of Tennessee reserves the right to modify reporting requirements during the course of the project.