

Specialty Crop Block Grant Program

Educational
Bulletin

Summer 2012

Highlighting Your Success!

The Specialty Crop Block Grant Program (SCBGP) staff has enjoyed reading your performance reports and seeing the progress and achievements your state is making. When project reports are submitted as final performance reports, we develop success stories based on the information provided in the reports. These stories are shared internally at the USDA and ultimately published on the SCBGP website to educate stakeholders about the outcomes of your work and the results you are achieving. They also provide policymakers who make decisions that affect the program with information about your program's goals, activities, and successes.

We would like to begin sharing these success stories with all of you in this quarterly grant outreach bulletin. The process we used, and will continue to use, to select the grantees whose success stories will be highlighted in each document will be a random process. The names of all 56 grantees will be put into a hat and we will randomly select up to 6 State departments of agriculture at a time. We will contact each of the selected State departments of agriculture and send you the success stories we've developed from recent reports on projects that solely benefitted specialty crops. Since the SCBGP awarded, on average, more than 770 projects yearly from 2009 to

2011, the success stories are very concise and follow a specific format. We will ask you to review the success stories for accuracy only, and select up to two success stories that we will include in the upcoming outreach bulletin. The stories will be published along with your contact information in the event another state would like to connect with you to learn more about the project. If you prefer not to share success stories at the time we contact you, please let us know.

We hope you enjoy learning about specialty crop initiatives in other states!

Monitoring Grants

Recipients of federal grant funds are required to monitor all funds associated with the grant. In the case of state departments of agriculture, some of the federal funds may stay "in-house," while other funds are sub-granted to external organizations. In both cases, the State department of agriculture is responsible for monitoring the projects to ensure that:

1. All funds are used on reasonable, allowable costs and in accordance with federal cost principles and award terms and conditions.
2. All funds are used to solely enhance the competitiveness of eligible specialty crops.
3. They and their sub-grantees are executing the projects according to the approved project proposals.
4. They and their sub-grantees are progressing appropriately towards achieving and measuring the expected measurable outcomes from the approved project proposals.
5. They and their sub-grantees have obtained prior approval from USDA for any changes to the budget or scope of the projects that require prior approval.
6. All funds are used to supplement the expenditure of State funds in

support of specialty crops grown in that State, rather than to replace State funds.

7. There is an emphasis on proactive technical assistance such as providing training and disseminating best practices related to continuous improvement to prevent problems from getting more serious and to avoid the need for sanctions.



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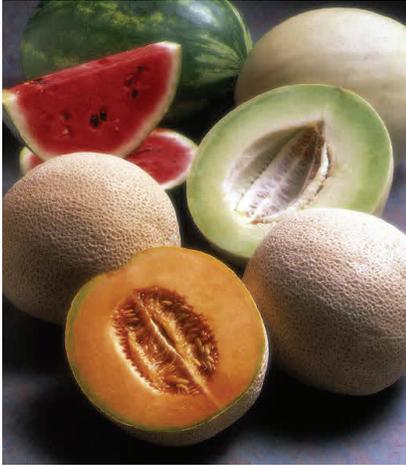
Highlighting Your Success!

Arizona

Ms. Lisa James, (602) 542-3262, ljames@azda.gov

2011 Southwest Ag Summit – An Interactive Educational Experience

The Arizona Department of Agriculture partnered with the Yuma Fresh Vegetable Association to conduct the 2011 Southwest Ag Summit (SWAS) – an interactive forum between educators, specialists, farmers, and students of the southwest desert specialty crop industry at general sessions, academic workshops and hands-on field demonstrations. They also worked to expand the reach of SWAS through a coordinated marketing program and updated website. Approximately 650 people from the vegetable and melon industries registered and attended the 2011 Southwest Ag Summit educational programs and 150 people from these industries attended summit-associated field demonstrations. Ninety-seven percent of participants indicated that they intended to share the information they obtained at the conference with others. In addition, in the months leading up to the summit, the newly upgraded SWAS website experienced a significant spike in traffic, boasting as many as 1100 visits in a single month, demonstrating that the web-based outreach conducted by summit organizers was effective.



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Implementing an Arizona GAP/GHP Certification Training and Promotion Program

The Arizona Department of Agriculture partnered with the University of Arizona, Cooperative Extension Service to implement a USDA Good Agricultural Practices/Good Handling Practices (GAP/GHP) Training Program for Arizona specialty crop producers. Although the project was originally envisioned as a Yuma-specific project, it soon expanded statewide. A total of 79 people participated in the training program during six training sessions held throughout the state. As a result of the program, 16 Arizona **producers** completed GHP/GAP audits and became USDA compliant. Previously, only seven producers had certified.

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Idaho

Ms. Lacey Menasco, (208) 332-8538, Lacey.Menasco@agri.idaho.gov

Value-Added Solutions for Post-Harvest Perishables

The Idaho State Department of Agriculture partnered with the Caldwell/Canyon County Economic Development Council to strengthen the market position of a broad range of specialty crop growers by adding increasing the capacity of the University of Idaho, Food Technology Center to process food. Project staff focused effort to convert 9,000 square feet of the incubator into climate controlled production and storage space for local wineries. Specifically, the project staff purchased two key equipment pieces, which included a fruit press and bin dryer. Consequently, local specialty crop producers have increased their presence in local food channels including the farmers' market network. In fact, project staff noted a 114 percent increase in specialty crop producer participation (from seven to 15) in the University of Idaho commercial kitchen from 2009 to 2011. In addition, the number of non-grower clients that utilized locally grown specialty crops increased from 10 to 20.

Improving the Competitiveness of Onion, Potato, Apple, Cherry and Pea/Lentil Packing/Processing Operations through Training and On-Site Assistance

The Idaho State Department of Agriculture partnered with Boise State University-Tech Help to improve the competitiveness of Idaho's onion, potato, apple, cherry and pea/lentil packers and processors by facilitating workshops and on-site assessments. Specifically, the project staff facilitated nine workshops throughout the state, which educated over 300 individuals about food safety, Hazard Analysis and Critical Control Point (HACCP), Global Food Safety Initiative, lean production, and sustainable environmental practices. Following attendance at the workshops, companies were invited to request a site assessment at their local facility. The project staff conducted 17 site assessments to assess food defense and food safety practices and sustainability (energy, environment) where appropriate. Through the facilitation of these workshops and on-site assessments, project staff indicated that approximately 75 percent of the participating companies reported at least a 10 percent increase in their audit scores. In addition, 20 percent of the companies indicated that they will initiate an efficiency improvement activity and 10 percent of the companies will initiate a sustainability activity.



Iowa

Mr. Mike Bevins, (515) 242-5043, mike.bevins@iowaagriculture.gov

Aronia Berry Marker Identification for Aronia Berry food and beverage products

The Iowa Department of Agriculture and Land Stewardship partnered with Southern Iowa Resource Conservation and Development Area Inc. to identify a unique chemical marker for the Aronia berry industry that will identify the presence and concentration of Aronia Berry in food and beverages. The team analyzed Aronia berry juice along with other single and blended commercially available juices, measuring the degrees brix, pH, titratable acidity and sugar acid ratios. Further analysis was done to determine unique characteristics of Aronia berry such as signature phenolic components represented as peaks in HPLC analysis and specific pigments that could be separated using thin layer chromatography (TLC).

The results obtained in this project indicate that Aronia berry can potentially be quantified using both High- Performance Liquid Chromatography (HPLC) and TLC analysis. While HPLC can be considered an expensive choice particularly for smaller scale producers, TLC can be an economical alternative, especially when using chromatography paper in place of high-priced cellulose plates. Although preliminary results of this study were shared with approximately 300 growers through the Midwest Aronia Association website and annual meetings, more research is warranted.



Enhancing the Competitiveness of Specialty Crops Marketed through Community Supported Agriculture

The Iowa Department of Agriculture and Land Stewardship partnered with the Practical Farmers of Iowa to equip specialty crop farmers with the knowledge to create quality, sustainable community supported agriculture opportunities. Specialty crop producers were educated through a Community Supported Agriculture (CSA) Mini-School, a workshop on “Members as Partners,” and a Community Supported Agriculture Distribution Webinar led by specialty crop farmer experts. Sixty-six individuals attended the Mini-School, where they learned about how to start a CSA, CSA production, labor, marketing, member discovery and retention, and recordkeeping. Mini-school participants completed a survey in which 80.7 percent of respondents indicated they planned to change production practices, 77.4 percent reported a projected change in marketing practices, and 83.4 percent reported a predicted change in recordkeeping. Thirty-nine people attended the workshop on CSA distribution, where they learned about different CSA distribution structures. Thirty-four individuals attended the webinar, which focused on different member/CSA farmer relationship structures. There have since been 48 additional views of the archived webinar online. A follow-up survey of participants in all activities indicated that 28.6 percent created or enhanced member core groups, 73.3 percent made improvements to their CSA distribution, 86.7 percent created succession planting plans, and 73.3 percent made improvements to their marketing plans. Survey respondents also reported 867 CSA shares sold, 307 of which were to new customers.

New Mexico

Ms. Felicia Frost, (575) 646-4929, FFrost@nmda.nmsu.edu



New Mexico Green Chile Promotion

The New Mexico Department of Agriculture (NMDA) supported market expansion for New Mexico Green Chile by identifying potential new markets, trained retailers to conduct green chile roasting, and educating consumers through promotional activities and a DVD of instructions on how to roast chile at home. NMDA identified three new markets: Reno, Nevada; Baltimore, Maryland; and Greensboro, North Carolina. In these new markets, 22 stores participated in Green Chile events and an estimated 7,200 cases of chile were sold.

New Mexico Wine Consumer Awareness Program

The New Mexico Department of Agriculture partnered with the New Mexico Wine Growers Association (NMWGA) to raise awareness of the wine industry of New Mexico by actively engaging “novice” wine consumers in an open and casual exchange through tasting panels, consumer awareness classes, and marketing. Nine wineries throughout the state hosted consumer awareness classes which were attended by 14-25 participants each. In these classes, participants learned the history of New Mexico wine, wine-tasting techniques, and how to pair wines with various foods. At the same time, 200,000 “leave-behind” promotional cards were disseminated for people to use to request that New Mexican wines be served at establishments that serve wines exclusively from other states. In addition, eight billboards were set up around the state. The Consumer Awareness Program alone has increased sales in the participating wineries by 1-2%. This, combined with the Passport Program, has increased sales and traffic in tasting rooms by up to 4%; more so in the smaller wineries in the less-populated areas of the state. Wine sales within New Mexico wineries were reported to have increased by up to 3% during the last quarter of 2011.

U.S. Virgin Islands

Ms. Abbelle Bakr, (340) 643-0905, abbelle@ibcvi.com

The 'Virgin Fresh' Apicultural Project: Development and Expansion of the U.S. Virgin Islands Apiculture Industry

The Virgin Islands Department of Agriculture established a model system for the production, harvest, marketing processes required to create and maintain sustainable, profitable apicultural businesses and to stimulate growth of the local apicultural industry. Project staff partnered with the University of the Virgin Islands Cooperative Extension Service to sponsor free seminars for beekeepers. The seminars focused on identifying, treating and preventing insect and disease problems that commonly affect honeybee colonies. In fact, over 140 individuals from the islands attended beekeeping training workshops associated with this model system. The models were accompanied by a 'Grow Local, Buy Local' marketing initiative as well as a 'Virgin Fresh' branding initiative that differentiated local products. Project staff also noted that there were 15 new beekeepers on the islands due to the training and exposure to the industry, which assisted in an increase of 25 percent of honey production on the islands.



Key Elements of Monitoring

- Maintain a good relationship with your subgrantees. It is recommended that state department of agriculture representatives stay in close contact with subgrantees and any internal personnel that are implementing projects under the Specialty Crop Block Grant Program. Frequent communication may take the form of monthly or quarterly emails or phone calls. Approach these monitoring conversations with the intention of ensuring all is right, that is, by making sure the subgrantee is on track to complete the project as planned and offer help if necessary. This communication with your subgrantees lets them know you are accessible, knowledgeable, and willing to assist them, which may encourage them to reach out to you when questions or problems arise.
- A well-written subaward document that clearly lays out expectations. The agreement should tell the pass-through entity what to monitor for and tell the subgrantee what will be monitored. See the [Spring 2011 Outreach Bulletin](#) to find out what information is typically included in a grant agreement.
- Clear and easy to understand subgrantee policies and procedures that are perceived as fair and equitable by subgrantee. It is important to document grant monitoring processes and activities. Having written Standard Operating Procedures in place will assist you in treating all subgrantees fairly and equally and will give you something to refer to in case your monitoring efforts are questioned. In addition, documentation will provide support for any actions you may need to take due to lack of reporting, misuse of funds, or other contractual breaches.
- Staff trained on applicable federal-state, and internal requirements and how to apply the subgrantee monitoring policies and procedures to ensure consistent application. See the [Winter 2011 Outreach Bulletin](#) on expending grant funds for grants management training.

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Monitoring: Reporting

The Specialty Crop Block Grant Program requires each state to submit an annual performance report, which consists of a report on each of the projects



in the grant. Some states also require interim or quarterly reports from their subgrantees. It is the responsibility of the State departments of agriculture to ensure that reporting requirements for the SCBGP are met completely and promptly. In fact, State departments of agriculture should time their subgrantee's annual and final reports to be due before the State department of agriculture's due date to the SCBGP. This helps to ensure on-time reports. Representatives should carefully review the reports, comparing them with the approved State Plan and any subsequent approved amendments. This enables you to identify impending delays or problems at an earlier stage and provide

feedback and assistance as appropriate, when there may still be sufficient time and resources available to make any necessary adjustments to the budget or project plan to ensure a successful outcome.

It is also important for State departments of agriculture to review financial information. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, and attendance records, contract and subgrant award documents, per the state's policies and procedures.

Monitoring: Assessing Risk and Resources

State departments of agriculture may want to implement a risk-based approach to monitoring subgrantees where the relative risk involved in each subaward is weighed against the state's monitoring resources.

When conducting your risk analysis, the most important questions to answer deal with how well you know the subgrantee and its level of experience with managing federal funds. Some questions you want to consider when assessing a subgrantee's risk are:

- Has the subgrantee handled federal funds before?
- Does your organization or do any of your peers have any prior experience with the subgrantee, either as a contractor or as a subgrantee?
- Does the entity have a history of noncompliance?
- Will new (or inexperienced or untrained) personnel be involved in the project?
- Is the subgrantee using any new or substantially changed systems, for example, financial management or accounting systems?

When assessing risk you can assign points or classify each subgrantee as high, medium, or low-risk. This risk-based approach can be used at the time of award and periodically throughout the subgrant to determine whether funds should be awarded or to continue the award.

Your monitoring plan should also take into account the risk of a particular project. To assess project risk, some questions you may want to ask include:

- Are project outputs and outcomes clear and measurable?
- In what ways is the project susceptible to abuse? For example, is there a risk that funds may be used for the benefit of non-specialty crops?
- What potential hindrances might prevent the project from fulfilling its purpose?
- What is the size and complexity of the project? The larger the project's budget, the greater the need for subgrantee monitoring.
- Are the project regulations, requirements or activities complex? For example, is there a compliance plan in place to ensure that funds are only used to benefit eligible specialty crops? Was equipment purchased with grant funds that require proper use, management and disposition? Is non-local travel funded that must follow proper travel regulations? Is program income being generated that needs to be tracked and added back to the project? Is staff working part time on the project so that their salaries and wages need to be documented with monthly activity reports? More complex projects may have a higher risk of noncompliance and therefore need additional monitoring.
- Are there current audit (e.g., financial statement audit, programmatic audit, GAO audits, single audit) findings associated with the project?
- What is Congress' interest in this project? What is the public's interest in this project? A subgrant with national significance, or one with higher visibility or priority, for example, may warrant closer scrutiny, including site visits.
- Is this a multi-year project? Multi-year projects may require closer monitoring than single-year projects.

As you develop your monitoring plan, remember to consider the resources available to carry out monitoring activities. You should consider not only staff, but issues such as time, budget, and competing priorities. Resource considerations generally include:

- Where are the subgrantees located? Are they geographically close to the pass-through entity, thereby allowing more frequent in-person contact without significant expenses, or are they remote, requiring distance-based monitoring techniques?
- Is travel for staff authorized and funded? If not, what methods other than site visits might be used to monitor subgrantee more closely?
- What other agency responsibilities are competing for the resources available?
- What is the current workload on staff? How much time is required for proper monitoring? Are additional staff needed? If so, the State department of agriculture may want to consider using grant funds to fund a partial or full-time position for direct oversight and administration of the Specialty Crop Block Grant Program.

Possible Red Flags

Financial:

-Too little or too much spending

Programmatic:

-Behind schedule

-No reporting on Expected Measurable Outcomes

-Activities differ from what were approved

-Non-specialty crops are included

Communication:

-No response to emails or phone calls

-Too many phone calls or emails

-Correspondence demonstrates lack of understanding of the award terms and conditions



Monitoring Techniques

The Specialty Crop Block Grant Program strongly recommends that State department of agriculture representatives conduct site visits of subgrants that are considered risky. A site visit enables you to review in more detail the programmatic and financial records and observe operations, ensure that project personnel understand the terms and conditions of their awards, and communicate more directly with project personnel about any successes, problems or challenges.



Other monitoring techniques may include reviewing subgrantee financial and performance reports, as well as reviewing and following up on subgrantee audits such as their A-133 or single audit. You may also want to look at other financial information, such as the entity's financial statements.

A desk review is another monitoring tool that is a cost-effective way to expand monitoring coverage. A desk review is a review conducted at your office. It typically involves high-level post-award review of documents on file or those submitted by the subgrantee on request. For example, a desk might involve reviewing source documentation associated with selected invoices to ensure all costs are allowable and allocable.

Other monitoring mechanisms include establishing frequent and open commu-

nication through telephone calls, email, or letters, reviewing prior approval requests, establishing a comments and complaints hotline to provide feedback on subgrantee performance, researching internet references that may alert you to problems or how the public perceives a certain organization. If you are making awards to non-profits, you may want to search www.guidestar.org. Guidestar is a national database of nearly 1.8 million nonprofits where the public can view a non-profit's IRS Form 990, the annual reporting return that certain federally tax-exempt organizations must file with the IRS. Web-based conferences and training for subgrantees can also be beneficial to showcase best practices and recognize subgrantees that are doing things right or provide training to ensure subgrantees understand program regulations and requirements and understand their responsibilities.

Developing a Monitoring Plan

After risk and resource monitoring needs have been assessed, the monitoring plan can be developed. Assuming you are following a risk-based approach to subgrantee monitoring, the plan for an individual recipient should include:

- The results of the risk assessment
- Techniques to be used, including both frequency and criteria for using the technique – for instance, a site visit might be tentative, and the plan might spell out the circumstances that would change the status from tentative to definitive
- Estimated resources available to monitor the subgrantee.

Another consideration is timing. When is the best time to schedule specific monitoring activities? For example, high-risk or new subgrantees should generally receive attention first. When should you schedule a site visit? If you visit too early, not enough has happened and there is little to evaluate. If you visit once the project has been operating for some time, it may be too late to get the project back on track if you uncover problems. A useful guideline for scheduling site visits is to do so when a subgrantee has spent 50% of its award and, if applicable, matching funds and has completed enough of its planned activities to be ready for a site visit. An entity that has spent 80% of the award is probably too far along to

benefit from a site visit. The timing of performance reports can also affect decisions on the timing of site visits. On a two-year project with annual performance reports, a site visit before the receipt of the year-one report may not make much sense because you don't have a report on progress made in the first year.

Some techniques may be applied early, and, if all is well, not employed again unless signs of problems surface. For example, if you perform desk reviews on documentation for randomly selected transactions for the first three or four payment requests and everything is in order, you may be able to reduce your attention to this area.

Documentation of Monitoring Efforts

Documenting your monitoring efforts is important because it shows that you are watching over the federal funds you have been awarded. Documentation of your grant monitoring activities should include, but is not limited to, any site visit reports, memos to file on specific project-related issues, email correspondence, and details on any actions taken (such as changes to a project,

withholding of payments, termination of project). To document telephone calls, it is sometimes helpful to send a summary of the discussion by email to all participants in the telephone call. In addition to creating documentation, it also provides participants an opportunity to clarify any points of misunderstanding and gives them something

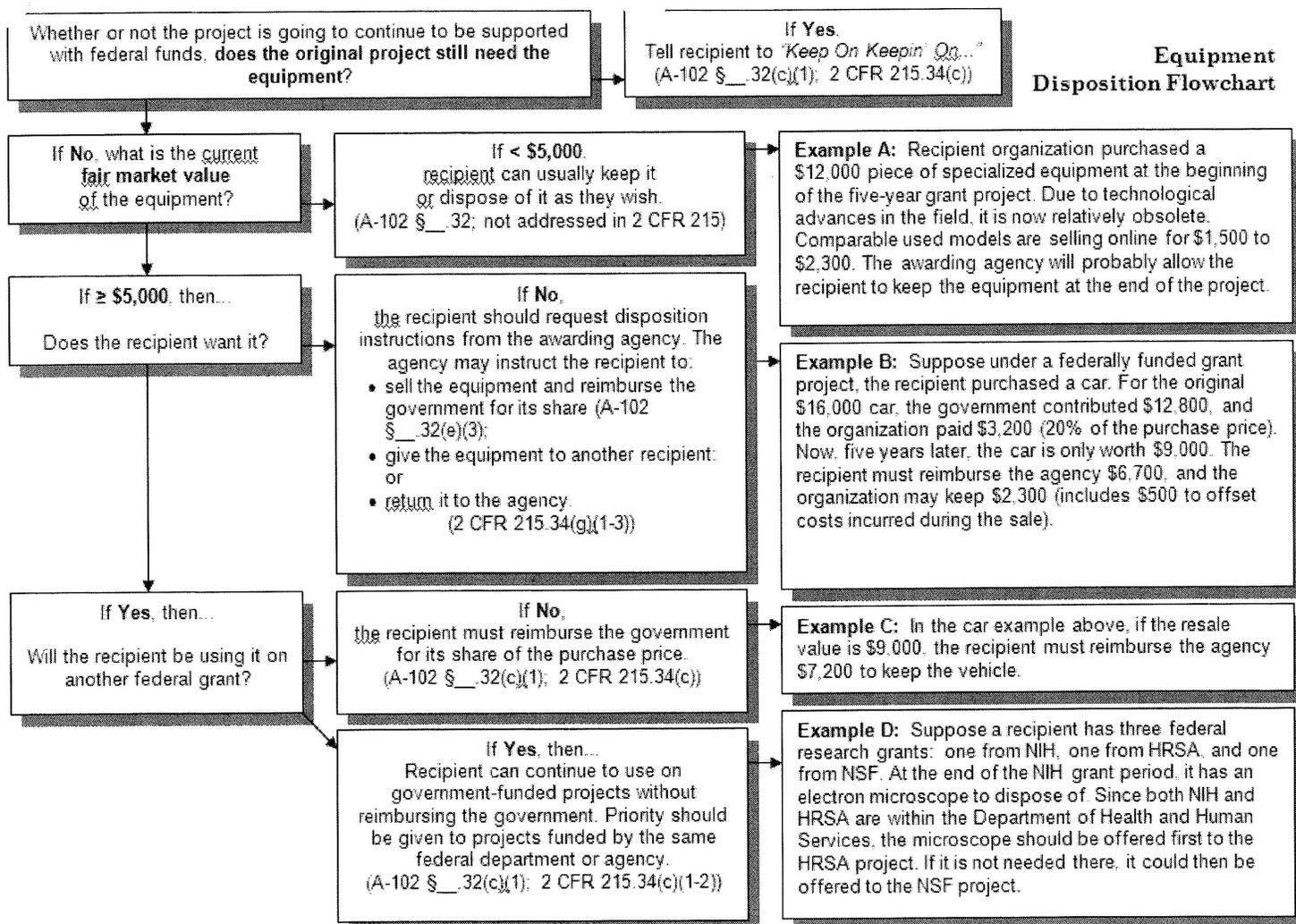
to refer to when similar questions arise in the future.



Monitoring and Disposing of Equipment

Although special purpose equipment is considered an allowable expense under the Specialty Crop Block Grant Program, the acquisition or development of such equipment during the life of a grant can lead to additional monitoring responsibilities after the project ends. Special purpose equipment is defined as equipment with a fair market value of \$5,000 or more which is used only for research, scientific, or other technical activities. The special purpose equipment must solely enhance the competitiveness of specialty crops and benefit the specialty crop industry.

If equipment was purchased with or developed under grant funding, monitoring responsibilities do not end with the grant: you must continue to work with the subgrantee and SCBGP staff to determine disposition and use. The following flowchart may be helpful.



We're on the Web:
www.ams.usda.gov/scbgp