

# 2024 California Underserved and Small Producers Program

## Grant Management Procedures Manual

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# Overview

## Program Purpose

The 2024 California Underserved and Small Producers Program (CUSP) is designed to facilitate support for small and medium scale California agricultural producers, or small and medium scale socially disadvantaged farmers and ranchers through direct relief grants. Direct Assistance Providers act as administrators of the CUSP Extreme-Weather Relief Direct Producer Grant Program and distribute relief grants to aid in addressing specific financial needs due to climate-related extreme weather in California.

Extreme weather events are occurrences of unusually severe weather or climate conditions that can cause devastating impacts on communities and agricultural ecosystems, including but not limited to heat waves, freezes, flooding, heavy downpours, wildfires, and severe windstorms. Visit <https://www.climatehubs.usda.gov/climate-impacts/extreme-weather> for more information on climate-related extreme weather.

## Purpose of the Grant Management Procedures Manual

The 2024 CUSP Grant Management Procedures Manual (GMP) is designed to provide direction to Grant Recipients (Recipients) for the successful management of CUSP federally funded projects. The GMP identifies the roles and responsibilities of all parties and describes the processes and procedures required by the terms and conditions in the Grant Agreement.

## General Responsibilities

### Office of Grants Administration

The California Department of Food and Agriculture (CDFA), Office of Grants Administration (OGA) manages the CUSP Grant Agreements and ensures Recipients are compliant with applicable regulations and requirements and grant terms and conditions. The OGA also provides Recipients with technical assistance throughout the Grant Agreement term.

### Grant Recipients

Recipients are the Direct Assistance Providers that implement the Grant Agreement scope of work and ensure all project activities comply with applicable regulations and requirements and grant terms and conditions.

### Direct Relief Recipients

Direct Relief Recipients are the individuals applying to Direct Assistance Providers (directly or with a Technical Assistance (TA) Provider) for a reimbursement relief grant for expenses incurred due to extreme weather events.

Direct Relief Recipients are made up of the following:

- Small and medium scale California agricultural producers. “Small and medium scale” California producers are defined by this program as any farmer making up

- to \$400,000 or dairy operation making up to \$1,000,000 in annual gross sales.
- Small and medium scale socially disadvantaged California farmers and ranchers. “Socially disadvantaged farmer or rancher” means a farmer or rancher who is a member of a socially disadvantaged group. “Socially disadvantaged group” means a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups include all of the following: (1) African Americans, (2) Native American Indians, (3) Alaskan Natives, (4) Hispanics, (5) Asian Americans, and (6) Native Hawaiians and Pacific Islanders.

## Recipient Resources

Forms and templates referenced in this manual, as well as other resources, can be found on the CDFA CUSP [Recipient Resources website](#).

## State Regulations

California Code of Regulations, Title 3, Division 1, Chapter 5, [Grant Administration](#), (Regulation) outlines the administrative regulations applicable to CUSP grant funds. Additionally, pursuant to Section 330.2, is a list of [allowable and unallowable items of cost](#). Failure to mention a particular item of cost is not intended to imply the cost is allowable or unallowable.

Additional guidance regarding the Regulations and the allowable and unallowable items of cost is available from the assigned Grant Analyst.

# Prior Approval Required

Prior approval is required from OGA for the following:

- Revision of the scope of work, objectives, work plan, activities, milestones, dates, or deliverables
- Budget changes
- Line-item shifts
- Change in relief grant solicitation schedule
- Change in Recipient organization or key personnel
- Absence of key personnel, or a reduction of key personnel time committed to the project of 25 percent or greater
- Change or addition of personnel related to administrative staff

The information required for a request for approval varies according to the type of approval sought. Contact the assigned Grant Analyst for the information required for your situation.

Failure to obtain prior approval may result in costs being deemed unallowable and request for reimbursement being denied.

# Direct Assistance Provider Administrative Requirements

## Direct Relief Funding

Direct Relief Recipients may apply for multiple rounds of funding for extreme weather expenses from 2017 onwards, so long as their single or combined award amount(s) does not exceed \$20,000 in a twelve (12) month period and the approved expenses are different in each application. Direct Relief Recipients may receive additional direct relief funding from drought-only CUSP funding so long as the expenses requested are not duplicated between the two programs.

## Direct Relief Application Requirements

Public facing applications must clearly identify CUSP as a CDFA funded program to minimize confusion among Direct Relief Recipients on whether they have received funding before through the program. Recipients must base their application on the template provided. Please see [Publicity and Acknowledgement](#) on page 8 for more information. Recipients should not require additional information beyond the application template to minimize barriers to agricultural producers. In addition, Recipients must accept applications from all Direct Relief Recipients regardless of geographic location or operation type.

## Application Period

Recipients must ensure all CUSP direct relief grant application periods and updated application links are shared with OGA at least 30 days in advance of an application period opening.

## Verification of Expenses

Direct relief applications will be analyzed based on need and the eligibility of expenses and verified through required documentation collected by Recipient. Recipients are responsible for verifying applicants need based on the CUSP Extreme Weather and Other Climate Impacts Relief Eligible Practices Table. Eligible practices or expenses can also be verified via a farm visit by a TA Provider. This alternative method of verification can be used when documentation is difficult to obtain for verifying certain types of losses.

Recipients are responsible for keeping records and utilizing existing verification tools and/or working with CUSP TA Providers to provide verification.

## Verification Form

Once the Recipient closes out an application period, they must create and submit a list of Direct Relief applicants using the CUSP Extreme Weather Relief Verification Form for OGA to verify against the 12-month award amount eligibility. OGA will return verification information within seven (7) business days.



### Payments to Direct Relief Recipients

After OGA returns the verification sheet with approvals, the Recipient will follow up with individual applicants to notify them of Direct Relief awards. Recipients must make payments to individual applicants within 60 calendar days of verification approval or within 21 calendar days of receiving funds from CDFA.

# Project Management

## Allowable Costs

A cost is allowable if it directly relates to the approved project and is incurred solely to advance work under the Grant Agreement. Allowable costs include direct relief payments to Direct Relief Recipients and indirect costs for grant administration and TA (if applicable).

Expenditures must conform to CDFA program requirements, be made in compliance with federal and state laws and regulations as applicable, and be:

- Necessary and reasonable for proper and efficient performance and administration of the project.
- Authorized or not prohibited under federal, state or local laws or regulations.
- Consistent with policies, regulations, and procedures that apply uniformly to both state funds and other activities of the governmental unit.
- Determined in accordance with generally accepted accounting principles.
- Adequately documented.

## Unallowable Costs

A cost is unallowable if it does not comply with program requirements or other terms and conditions of the Grant Agreement. A cost is also unallowable if it is not contained in the approved scope of work or is not necessary and reasonable to advance the work of the project. Unallowable costs will not be reimbursed.

Specific expenses that are unallowable as a direct or indirect cost include, but are not limited to, incentives, gifts, raffles, donations (including produce or products as a direct result of the use of grant funds), hospitality suites, alcoholic beverages, costs of entertainment (including amusement, diversion and social activities, and any costs directly associated with such costs such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities), costs associated with lobbying, costs for organized fundraising including financial campaigns and solicitation of gifts, scholarships, advertising and promotion (including giveaways to the public, such as key chains, t-shirts, hats, pens, stickers, etc.).

## Direct and Indirect Costs

### Direct Costs

Reimbursement payments made to Direct Relief Recipients after receiving approval from OGA are the only allowable direct cost to the Grant Agreement.

### Indirect Cost Rate

Indirect costs are limited to a maximum of 10 percent of the total amount of direct costs. An additional 5 percent in indirect costs may be claimed for Recipients that will provide TA for CUSP Direct Relief applications.

## Scope of Work Revisions

Scope of Work (SOW) revisions are required when changes to activities, milestones, dates, deliverables, support from other grant programs, and/or budget occur. Requests for revisions must be made in writing and provide sufficient information to explain the need and how the change affects the project. Revisions must be requested by an authorized official of the Recipient organization and approved by OGA. Reimbursement is available only for approved project activities. Failure to obtain prior approval of SOW revisions may result in costs being deemed unallowable and/or request for reimbursement being denied.

Examples of project changes that require a SOW revision include, but are not limited to:

- Changes within the budget line items.
- Transfer of project work to a third party through a contract, sub-grant, or any other means.
- Replacement or changes in the status of the organization's ability to provide direct relief funds to Direct Relief Recipients.
- The addition, deletion, or revision of direct relief application rounds.
- Change of Recipient, Recipient organization name, or Recipient organizational status.
- The Recipient receives federal or state assistance to support costs that are also supported with CUSP funds.

Consult with the assigned Grant Analyst for further instructions on completing a SOW revision.

## Line Item Shift Requests

In the event a change to the project's budget line items is necessary, Recipients are required to complete and submit to OGA a SOW revision along with a Line Item Shift Request (LISR) in advance to adjust budget line items. Approval for the LISR must be obtained from OGA prior to incurring costs under the revised budget.

The following restrictions and requirements apply to LISRs:

- The project award amount cannot be increased or decreased through this process.
- The indirect budget cannot be increased from 10 percent, or 15 percent for Recipients providing TA.
- LISRs must be accompanied by a SOW revision.

Note: Recipients may have multiple LISRs throughout the Agreement Term.

## Notification of Problems and Delays

Recipients must immediately notify the assigned Grant Analyst of any delays, problems, and/or adverse conditions that may materially affect the project. Some problems and delays may require a SOW revision. Examples include but are not limited to:

- Challenges completing any activity according to the work plan or work plan

- schedule;
- Challenges quantifying or activities related to the project goals and intended outcomes;
- Challenges or inability to fill vacant positions resulting in activities being delayed or eliminated;
- Delays meeting required due dates for invoices, progress reports, or the final report.

## Publicity and Acknowledgment

### Publicity

Recipients must notify OGA in writing at least two working days before any news/press releases or public conferences are initiated by the Recipient or its contractors relating to the project and any project results.

### Acknowledgment of Support

Recipients must acknowledge CDFA's CUSP support whenever projects funded, in whole or in part, are publicized in any news media, brochures, publications, audiovisuals, or other types of promotional material. A copy of the publication acknowledging CDFA's CUSP support should be submitted to the Grant Analyst for its files. The acknowledgement must read as follows: "This publication [or project] was supported by the California Department of Food and Agriculture's California Underserved and Small Producers Grant Program."

Recipients may not use the CDFA logo.

# Invoicing

## Payment Methods

There are two payment methods for allowable costs incurred – advance payments and reimbursement payments. It may take up to 45 days from the date the invoice or advance payment request is received for a check to be issued by the California State Controller's Office on behalf of CDFA.

### Advance Payments

Recipients may be eligible to receive an advance payment to cover anticipated project expenditures. Advance payments may not exceed 25 percent of the total award.

Advance payment is not allowable under the following circumstances:

- an existing advance is not completely liquidated;
- the advance will reduce the project balance below 10 percent of the award amount;
- there is an invoice dispute;
- the project is not current in invoicing;
- the project is in the final three months of the project duration; and/or
- additional conditions imposed prohibit an advance payment.

### *Advance Payment Request Procedures.*

Requests must be submitted using the Advance Payment Request and Advance Payment Request Supplement forms found on the [CDFA CUSP Recipient Resources website](#). Recipients must submit documentation to support the need for advance payment (such as proof of an upcoming solicitation). Additionally, non-profit 501(c)(3) Recipients must be in good standing as a non-profit 501(c)(3) with the Secretary of State.

Upon receipt, advance payment funds must be deposited into a federally insured, interest-bearing account (the account must be in the Recipient entity's name and cannot be in the name of any of its directors or officers). The account must provide the ability to track interest earned and withdrawals. Any accumulated interest is deemed to be grant funds that must be spent on allowable costs and activities in the same manner as grant funds.

Recipients must establish procedures to minimize the amount of time that elapses between the receipt of the advance payment and the expenditure of those funds.

### Reimbursement Payments

Recipients submit invoices to OGA for reimbursement of actual expenditures incurred. Invoices must be submitted at least quarterly, and as frequently monthly. The quarterly periods are:

- Quarter 1: January 1 – March 31
- Quarter 2: April 1 – June 30
- Quarter 3: July 1 – September 30
- Quarter 4: October 1 – December 31

## Invoices

OGA initiates each invoice cycle by generating an electronic invoice template. OGA emails Recipients an invoice template with the Grant Agreement Number, Recipient Name, Recipient Mailing Address, Project Title, Invoice Number, Project Budget, and Invoiced to Date entered. The invoice template provided by OGA must be used; invoices generated or altered by the Recipient will not be accepted.

### When to Submit Invoices

Invoices are due no later than 30 days after the quarterly invoice period and are required even if no project costs are incurred during the invoice period. Final invoices are due no later than 30 days following the expiration of the Grant Agreement term or after the project is complete, whichever comes first.

### Completing an Invoice

#### *Reimbursement Invoice*

Recipient completes the Billing Period, Invoice Date, the Amount Requested column, and certifies that the information is correct with an authorized representative's name, phone number, email, and date. Recipient then submits the invoice to OGA for processing.

#### *No Expenditure Invoice*

Recipient completes the Billing Period, Invoice Date, checks the "NO EXPENDITURES" box, and certifies that the information is correct with an authorized representative's name, phone number, email, and date, and submits the invoice to OGA. No Expenditure Invoices must be accompanied by an explanation of why no costs were incurred during the billing period.

#### *Advance Payment Offset Invoice*

Recipient follows the instructions for a Reimbursement Invoice. The invoice template automatically calculates the amount to be paid, less the advance payment. OGA adjusts the Less Advance amount each billing period until the advance is offset 100 percent by expenditures.

In addition, the Recipient must provide progress on the expenditure of advanced funds no less than on a quarterly basis by submitting the Advance Payment Request Liquidation form found on the [CDFA CUSP Recipient Resources website](#).

#### *Final Invoice*

Recipient follows the instructions for a Reimbursement Invoice and marks the invoice as "Final" indicating all payment obligations have been met and no further payments are due.

### Supporting Documentation

Recipients must collect and maintain source documentation associated with costs

incurred as a result of the Grant Agreement and make it available to CDFA upon request. The list of pre-qualified applicants and proof of payment will serve as the source documentation. If Recipients pay a portion of the total amount indicated on the source document, it must appropriately identify the specific expenses and total amount charged to the grant.

## Withholds

### Withhold Payment Notification

OGA will issue a Withhold Payment Notification to delay payment of an invoice if there is an invoice discrepancy or error, unallowable costs claimed, or late reports. The Withhold Payment Notification describes the reason for withholding payment and what actions, if any, are required to resolve the issues for withholding payment. Invoices are processed once all issues are resolved. A Withhold Payment Notification will not be sent for funds withheld pending closeout, see Withhold Pending Closeout below.

See [Appeal Process](#) on page 13 for information regarding appealing a Withhold Payment Notification.

### Withhold Pending Closeout

OGA will withhold 10 percent of the Grant Agreement award until approval of the Final Invoice, Final Report, and/or resolution of any performance issues or audit findings prior to closeout. A Withhold Payment Notification will not be sent, and the 10 percent withhold may not be appealed.

# Reporting Requirements

Recipients are required to submit reports semi-annually. The report is used to identify goals and objectives achieved, including quantifiable results, successes, project delays or lessons learned, and any other pertinent information. CDFA may have additional questions related to Recipients submitted reports. The Grant Analyst may reach out to the Recipient with additional questions or clarifications as needed. The Recipient shall provide prompt responses to any such inquiries. Reporting metrics include, but are not limited to:

- Total number of individuals assisted, including small and medium scale producers, or small and medium scale socially disadvantaged farmers or ranchers.
- Type of extreme weather relief assistance needed
- Demographic data, scale of operations, and crops grown

## Progress Reports

Recipients are required to submit a progress report no later than 30 days after each reporting period ends. Recipients will receive a progress report template from OGA approximately one month prior to each reporting due date, which are:

- July 31, 2025 (reporting period 1/1/2025 – 6/30/2025)
- January 31, 2026 (reporting period 7/1/2025 – 12/31/2025)
- July 31, 2026 (reporting period 1/1/2026 – 6/30/2026)

## Final Reports

Recipients are required to submit a final report no later than 30 calendar days following the expiration date of the Grant Agreement or after the project is complete, whichever comes first. Recipients will receive a final report template from OGA approximately one month prior to the end of the project.



# Remedies for Noncompliance

## Remedies for Noncompliance

OGA may take one or more of the following remedies for failure to comply with state laws and regulations, Grant Agreement terms and conditions, grant program requirements, and/or the GMP:

- Disallowance of costs for all or part of the cost of the activity or action not in compliance, or for the invoicing or reporting period not in compliance;
- Withdrawal of authorized personnel approval;
- Withholding of payments;
- Denial of advance payment requests;
- Imposition of additional conditions; and,
- Suspension or termination of the Grant Agreement.

## Additional Conditions

OGA may impose additional specific conditions on Recipients that have been identified as high risk or are noncompliant with state laws and regulations, Grant Agreement terms and conditions, grant program requirements, and/or the GMP.

Reasons for imposing additional conditions include but are not limited to:

- Late invoices or progress reports;
- History of unsatisfactory performance
- Noncompliance with terms and conditions of current or previous awards; and/or
- Noncompliance with grant program requirements.

Additional condition examples include but are not limited to:

- More frequent submission of progress reports;
- More frequent submission of invoices;
- Audits;
- Requiring payments as reimbursements rather than advance payments; and/or
- Establishing additional prior approvals.

Recipients will be notified in writing of the additional conditions imposed; the reasons for imposing the additional conditions; the actions required, if any, to remove the additional conditions; the timeframe in which the required actions must be completed; and the method of appealing the additional conditions imposed.

## Termination of Grant Agreement

OGA may terminate a Grant Agreement for noncompliance. The Recipient will be notified in writing of the reasons for termination, the date the termination is effective, and the method for appealing the termination.

## Appeal Process

Actions that may be appealed include but are not limited to:

- Withhold Payment Notification (see page 11);

- Additional Conditions (see page 13); or
- Termination of Agreement (see page 13)

Appeals must be in writing either mailed to:  
California Department of Food and Agriculture  
Office of Hearings and Appeals  
1220 N Street  
Sacramento, CA 95814

Or via email to: [CDFA.LegalOffice@cdfa.ca.gov](mailto:CDFA.LegalOffice@cdfa.ca.gov)

The appeal must include a copy of the notification or the name of the Recipient organization, the Grant Agreement number, the title of the project, the reasons the action should not be imposed, including any documentation to support the appeal, and the signature of the authorized representative. Appeals must be postmarked (date stamped if via email) within 10 calendar days of the date of the notification of the action from OGA. Appeals not received within this timeframe will be denied.

The action specified in the notification remains in effect while the appeal is under review.

# Closeout

Before the Grant Agreement is closed, OGA will review the final report and invoice, and verify resolution of any project performance concerns or compliance audit findings. A closeout letter and final payment will be issued when closeout review is completed.

## Record Retention

Recipient must retain financial records, project records, and supporting documents for a period of three (3) years from the date of the closeout notification or until any litigation related to the grant is resolved, whichever is later. All records must be made available to OGA or its designees upon request.

Records that must be retained include:

- Pre-approved applicant list for CUSP direct relief grants
- CUSP direct relief grant applications and/or documentation of allowable practices;
- Actual expenditure invoices of direct costs charged to grant funds;
- Documentation supporting calculation or methodology to determine indirect costs; and,
- All other supporting documentation related to the Grant Agreement.