

DRAFT: Portfolio Balancing Policy for Block Grants

Purpose and Authority:

In many grant programs, OARS uses competitive scoring to rank applications. Scoring is an excellent way to understand the quality of a proposal relative to other proposals, but scoring alone may not achieve CDFA's goals. For example, grants from one region of the state could all score highest in a committee and receive funding based on those scores alone, but that would leave qualified applicants from other parts of the state unfunded and fail to support CDFA's goals for climate resilience across the state's many production systems.

For non-federal funds, the Program makes funding recommendations to the Secretary or their designee. Title 1, Division 3, Chapter 5, Section 305.3 states that:

(a) A recommendation for funding will be based on the following: (1) Amount of available funding. (2) Merits of the proposal. (3) Program or research priorities, if any. (4) Risk assessment, as defined by section 303, if applicable. (5) Other factors in accordance with grant program requirements. (b) Recommendations for funding will be submitted to the Secretary or designee for funding decisions. Funding decisions by the Secretary or designee are final and not subject to appeal.

This part of the grant regulations gives the Department the authority to consider factors in addition to merit.

Policy:

OARS bases funding recommendations on a combination of decision factors including: 1) available funding, 2) proposal merits (score), 3) program/research priorities, 4) risk assessment, 5) past performance (when applicable), 6) capacity and 7) other factors in accordance with grant program requirements. In each Request for Grant Applications (RGA) OARS identifies the specific program/research priorities it will consider.

Definitions:

- **Capacity.** The ability of the grant applicant to perform the proposed grant activities and achieve the stated objectives in compliance with the grant program requirements or terms and conditions of the grant award.
- **Decision Factors.** The factors defined in the grant regulations and this policy as playing a role in funding recommendations. Includes available funding, proposal merits, program/research priorities, risk assessment and other factors in accordance with program requirements.
- **Funding recommendation.** A recommendation presented to the Secretary or designee as to which grant projects should receive a grant award, based on factors including but not limited to the amount of available funding, merits of the application, program priorities, and results of the administrative review.

- Merits of the proposal. The degree to which the elements of a proposal meet the evaluation criteria set forth in the request for proposals.
- Past Performance. Work completed during previous awards, which may be used to demonstrate the recipient's ability to complete a project and/or comply with grant requirements.
- Portfolio Balancing. Making grant decisions not solely based on an individual proposal's merit, but also on the ability of all the recommended grants in the current solicitation and current grants in the existing portfolio to meet the program's goals.
- Risk assessment. An evaluation of the potential risk for non-compliance by an applicant or recipient with grant program requirements or grant agreement terms and conditions.
- Technical review. Review by one or more subject matter experts to evaluate the merits of the proposal.

Roles and Responsibilities:

- Technical Review Committee: Internal and external reviewers may comprise this committee. This committee scores and ranks applications based on the merit of the proposal.
- Program Lead: Responsible for managing the Technical Review Committee and justifying award recommendations. If not a supervisor, responsible for seeking approval from supervisor for award recommendations.
- OARS Director or Designee: Accountable for award recommendations that go to the Secretary.
- Secretary: Approves award recommendations.

Procedure:

For each solicitation as part of the Request for Grant Applications, OARS will publish the evaluation criteria that the Technical Review Committee will use to score each application for merit, as well as a clear list of program/research priorities, a risk assessment framework, and any other criteria (such as past performance) that the Secretary or their designee can use to assess the recommendations and balance the portfolio when making final grant decisions. Program priorities may include, but are not limited to: meeting SDFR targets, serving diverse production systems, attaining geographic coverage across the state, supplying specific public benefits (e.g. groundwater conservation in overdrafted basins), meeting regulatory targets, meeting funding source requirements, and/or building capacity in underfunded organizations.

The Program Lead will use the merit scores generated by the Technical Review Committee and write a memo summarizing the solicitation process, projects recommended for an award, and projects not recommended for an award (Appendix 1). Additionally, the Program Lead will create a detailed public-facing award decision table that describes the relationship of each application to the solicitation's Decision Factors (Appendix 2).

The Program Lead will submit the memo and table to the OARS Director for review and approval. The OARS Director may ask for further justification or changes based on their assessment of the deciding factors.

The OARS Director will submit the final memo to the Secretary for approval, finalizing the award decisions.

Exemptions:

There are no exemptions to this policy for a competitive award process.

Distribution:

OARS Staff, Executive Staff

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Appendix 1. Internal Memo for Grant Decisions

State of California

Memorandum

To:	NAME, Secretary Executive Office	Date:	[DATE]
		Place:	Sacramento
		Phone:	
From:	Department of Food and Agriculture		[NAME], Director, OARS
Subject:	[YEAR] [PROGRAM] Award Recommendations		

Solicitation Overview: *Brief description of what the program funds, the amount of funding available and from what source, and the decision factors used in this solicitation, including the specific priorities for the solicitation. Include the number of applications received and amount of funding requested, as well as the oversubscription rate, if applicable. Discuss how the financial risk assessments informed the funding recommendations. If some funding goes unused, explain why at a high level. Note any pattern or gaps in applications the program received (e.g. no applicants from a specific region or addressing a specific priority).*

Projects Recommended for an Award: *Overview of how projects achieve the goals of the portfolio, highlighting specific projects that not only achieve the program's goals, but support Department and Administration goals. There is no need to list every individual project because Appendix 2 will be included.*

Projects Not Recommended for an Award: *Overview of any patterns in unfunded projects and discussion of any unfunded projects that may be controversial/political.*

Appendix 2. Public-Facing Award Decision Summary

[YEAR] [PROGRAM]

Brief description of what the program funds, the amount of funding available and from what source, the deciding factors used in this solicitation and the specific priorities for the portfolio.

Application Overview

Application Title	Applicant	Decision Factor 1	Decision Factor 2	Decision Factor (x)	Contributions to the Portfolio	Grant Decision (Awarded or Not Awarded)
						Not Awarded
						Not Awarded