USDA REGIONAL FOOD BUSINESS CENTERS
GREAT LAKES MIDWEST

DEMYSTIFYING GRANT TERMS

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DEMYSTIFYING GRANT TERMS

Navigating grant funding can be complex and overwhelming — and it can be hard to know where to start. Furthermore, different terms used by different funders may have similar meanings. This guide offers farmers, food producers, and business owners a review of basic grants terms and definitions that may be used in different funding opportunities, which can then be used in the successful development of grant applications. Grant terms will be bolded throughout the guide.

GRANT ANNOUNCEMENTS

Grants are offered in a wide variety of dollar amounts from federal and state government agencies or private philanthropic organizations, and announcements of grant opportunities may use different terms with similar meanings.

RFP	Request for Proposal
RFA	Request for Application
NOFO	Notice of Funding Opportunity

Request for proposal (RFP), request for application (RFA), Notice of Funding Opportunity (NOFO), and "Invitation Only" may all have similar purposes. **RFP** tends to be used for opportunities that are more business-oriented in nature such as corporations, institutions, and other entities to gather proposals for projects or other services from potential vendors. **RFA** and **NOFO** are typically used as the terms for grant announcements, and invitation only announcements are less available and typically unannounced. Grants are typically forecasted by the funders and agencies that are seeking applicants; announcing ahead of time the dates when the applications period will be opened. When the opportunities are opened for applicants, it is "posted," and when the application period has passed, it is "closed." Not all grants are forecasted, and at times, the closing date may be extended. For example, if not enough applications are received or changes are made in the application process, the grant deadline could be extended.

TYPES OF GRANTS

Competitive	Applications are evaluated based on merit and alignment with the funder's stated priorities
Non-competitive	Predetermined eligibility criteria from the funder are used to determine awards

While there are many different grants and funding opportunities, grant types generally fall in one of two categories: competitive or non-competitive. **Competitive grants** seek applications that will typically be scored by selected individuals using a **rubric** — a scoring tool outlining expectations used to guide the review or assessment of your grant application. Application reviewers are typically selected because they have expertise in the area the funder is trying to develop by offering the grant funds. In most cases, the highest scoring applicants are sent to a panel that will discuss and select the final awardees.

Non-competitive grants (also known as focused funding) are not as widely available, including for farmers and food business owners. They typically do not have a rubric for deciding awards but instead depend on other means of determining awards, such as the timing of the application submission or eligibility criteria such as demographics of the applicant or partners applying, e.g., a beginning farmer or member of a particular group or profession.

TYPES OF AWARDS

Unlike grant types, award types include more options. Types of awards may include those offered by federal or state governments, or awards from a private funder such as a foundation, nonprofit, or non-governmental organization (NGO). Furthermore, the type of funding can include several different designations such as a cooperative agreement, procurement contract, subaward, and subcontract.

Grant	Financial assistance awarded from one organization to another that is not repaid
Cooperative Agreement	Financial assistance awarded from federal to non-federal entity
Subaward	Designates part of the award amount to another business or organization, with the same requirements and expectations that the lead organization agrees to with the funder
Subcontract	Designates part of the award amount to another organization to accomplish a specific service or product of the grant project, typically without the same requirements and expectations that the lead organization agrees to with the funder

These types of awards can vary in complexity and availability; for instance, a **cooperative agreement**, by definition, is financial assistance that is awarded from a federal entity to a non-federal entity and requires that the federal agency be an integral part of the project with "substantial involvement." Cooperative agreements are typically between the federal government and organizations or institutions rather than individuals, due to the collaborative nature and involvement of the federal government. State and local governments also may offer cooperative agreements with different eligibility requirements outside of the typical federal contracts.

Subawards designates part of the award to another organization or individual in return for work that contributes to the overall goal of the proposal. Subcontracts transfer designates part of the award to another organization to accomplish a specific service or product of the grant project, typically without the same requirements and expectations that the lead organization agrees to with the funder. The collaborative nature and responsibility of the subcontract impact the overall project and, as such, care should be taken to include partners that align with the values of not only the submitted application but also the lead organization of the proposal. Ideally, subawardees or subcontractors should be aware of and agree to the partnership before the application is submitted.

ELIGIBILITY

501(c)3	IRS nonprofit designation of tax-exempt status
509a	IRS nonprofit designation of public charity or private foundation
For-profit	Business that prioritizes profit for owners and/or shareholders
IHE	Institutes of Higher Education

Making sure that you are eligible for a grant opportunity is a crucial first step, as the grantors or funders will not consider any organizations outside of the eligibility requirements. There are two main organization and/or business types: for-profit and not-for profit (nonprofit). **For-profit** businesses include but are not limited to small or independent businesses, farmers, and producers. **Nonprofit** businesses or organizations include those that have a specific tax designation from the IRS such as 501(c)3 or 509a.

Eligibility for certain grants can be restricted to nonprofit entities and may also be designated further to include or exclude entities such as Institutes of Higher Education (IHE), state governments, local governments, or Native American Tribal Governments.

APPLICANT REQUIREMENTS

Before starting an application for an award or financial assistance, it is good to check to make sure you have the required registrations or certifications, if any are required.

CFR	Code of Federal Regulations
CAGE	Commercial and Government Entity
DUNS	Data Universal Numbering System
UEI	Unique Entity Identifier
NEPA EA	National Environmental Policy Act Environmental Assessments

The **Code of Federal Regulations (CFR)** is the official and permanent codification of rules that are published by each government department. The CFR and its titles are where you can find the regulations and definitions for most items and terms that are requested in a federal application. CFR is a large publication that contains 50 titles that are updated and revised on an annual basis. Some applications may request a Commercial and Government Entity (CAGE), Data Universal Numbering System (DUNS), or Unique Entity Identifier (UEI).

- While each of these may seem similar, they each have significant differences in categorization and meaning.
- The **CAGE number** is an identifier that is used in the United States only and is used in the procurement and acquisition process.
- The **DUNS number** is distributed by Dun & Bradstreet and is used to identify a business.
- The DUNS number has been replaced recently with the requirement of a **UEI**, an alphanumeric code used to for identification in **sam.gov** (System for Award Management), for tracking federal grants. It is free to register for a UEI only through the sam.gov website.
- When filling out the application, if there is to be infrastructure or other ground-disturbing actions, there may be a requirement for a **NEPA EA**, which assesses the likelihood of an environmental impact as a result of the proposed elements in the application.

There are many services that offer to assist in CAGE, DUNS or UEI business registration, but it is important to know that assistance through one of these paid services is NOT required — it is free to register and obtain these registrations and certifications.

TYPICAL ELEMENTS OF AN APPLICATION

Working through a grant application can feel burdensome, but with adequate preparation and knowledge of each element, writing an application can be less time consuming and difficult. Again, some terms related to elements of an application are similar but may be requested in a variety of ways.

For example:

- A project timeline and work plan could be interchangeable depending on the grantor. A **project timeline** — a detailed schedule that outlines tasks with dates — could have deliverables attached to it, while a **work plan** — a detailed document that outlines goals with activities — could include partner organizations/entities in addition to deliverables.
- An **outcome** is a specific, measurable change due to the work proposed e.g. increased production or revenue because of educational programming provided. Outcomes could be requested as "measures of effectiveness" depending on what is expected in the project.
- A project purpose — the specific outcome that for the project — or **impact statement** — a statement of the significance or importance of the positive change in a community — could be woven into the project narrative with the **project summary**, overview of the project that includes expected outcome.

Developing a relatable and accurate project narrative is crucial. The **project narrative** tells the story of how the request will impact the individual or the entire community. Many grantors will share about or promote previous successful grantees. Reading about these projects before applying can assist in the writing process, as they can provide examples of funding strategies to help new applicants relate to the grantors and reflect values and funding goals in the grant narrative. If the application is a **resubmission** — a grant application that has been submitted previously that was unfunded, returned and revisions requested based on feedback provided — to show that feedback is acknowledged and understood as valuable to the applicant.

When designing the project, it is important to consider its **scope**, an outline of what will be completed and excluded in the project. It is in the best interest of the applicant — and the best interest of the project — to be realistic about deliverables and/or outcomes. Deliverables are meant to be completed, and outcomes are meant to be attained; unrealistic deliverables or unattainable outcomes may come into question at the proposal or awarded stage. For reimbursement grants, funds may not be reimbursed if the proposed deliverables are not met.

BUDGET AND FINANCIAL MANAGEMENT

A **budget** is a detailed list of amounts and items stating how the proposed funding will be spent. Building a budget can be one of the most difficult elements of an application. Balancing current, fair wages with the competitiveness for a financial award and making sure that the payments and expenses are fair while keeping the budget in line with the award can feel challenging. Depending on the type of grant payment for the award, **financial health** — the overall financial stability of the business or organization — may need to be assessed and could be a limiting factor for the business or organization applying.

Reimbursement Grant	Recipient pre-pays expenses and submits for payment from the grantor
Advance Grant	Recipient receives payment from the grantor at time of award
Match	Financial amount that is proposed by the applicant as a contribution to overall award amount

Cost Sharing	Applicant's in-kind contribution to award
In-kind	Applicants non-cash contribution to an award
Procurement Contract	Legal agreement for securing goods or services outlining specific pricing and services included in the application budget if required by the funder/grantor
Direct Cost	Costs tied to a specific item, service, or good
Indirect Cost	Costs shared by the overall operations, typically a fixed or pre-determined rate that is stated in the RFA/FRP
Fiscal Sponsor	Nonprofit organization that lends IRS designation to applicant

A **reimbursement grant** is one that is not paid to the recipient at the start of the grant period but rather after the expenses have been incurred and are submitted to the grantor for reimbursement. Knowing the ability of the applicant's business or organization to carry expenses for an undetermined amount of time should influence decision-making on the overall scope and budget of the application.

Some other items to consider when making a financial assessment are matching and cost-sharing requirements. Use of matching and cost-sharing depend on the requirements of the grantor; they are financial obligations of the applicant that can be thought of as the applicant's contribution to the total award. Match is typically requested as a non-federal percentage of the award total while cost-sharing can be in-kind contribution — such as material goods or organizational time provided for the project — or cash that is supplied by the applicant.

Procurement contracts are agreements that grant awardees will use to secure a good, service, or supply as a supporting aspect of the budget, such as a piece of equipment or construction materials. Procurement contracts are not always part of the requirements but when they are included, they are part of the overall budget and direct costs.

Some simpler elements of the budget can include supplies, travel, contracted services, and salaries. More complex items include indirect cost and fringe benefits. Indirect costs may include overhead, facility, and administrative expenses. If there has not been a predetermined rate, the granting organization will use the **"de minimus" or default minimum rate for indirect**, which is 10%. Some grants do not allow for indirect or fringe so reviewing the RFP/RFA is important to determine allowability. **Fringe benefits** are items offered by an employer made available to employees that include items such as insurance, retirement, and medical leave. Some applications will calculate the rate of fringe in a percentage and add it in the budget as a percentage of salaries. Fringe is not allowable as a budget item for contractors/consultants because they are not employees of the applying organization and are not eligible for benefits typically offered.

Fiscal sponsorship may be required if a for-profit business or organization is applying for federal grants. A **fiscal sponsor** is a nonprofit organization that lends its IRS tax status to the applicant to apply for and receive federal grants. Fiscal sponsorship is typically a short-term arrangement for the grantee while applying for nonprofit status, but it can also be a longer-term arrangement for organizations that want to focus less on administration and more on the work of the proposal or application.

AWARD ANNOUNCEMENT AND NOTIFICATION

When awards are decided, the grantor/funder will send an official award announcement, although its timing may not be predetermined or shared ahead of time. Changes in application/award date, disruption of funding source, or changes in the focus of the award may all impact the timing of award announcements. Depending on the organization and the review process, it can take weeks or months to receive a decision on an application.

NOA	Notice of Award
GAN	Grant Award Notification
FAIN	Federal Award Identification Number

When a grant has been awarded, the applicant receives a letter that is referred to as either a **Notice of Award (NOA)** or a **Grant Award Notification (GAN)**. Following the instructions and submitting the correct forms following a NOA is imperative to a successful award process. The **Federal Award Identification Number** (FAIN) is important because it is the unique identifier from a federal agency that has awarded the funding. This number may need to be generated through grants.gov, the only online portal for finding and applying for federal grants. The process for private or non-federal grants can vary so it is important to follow directions and ask questions when uncertain of the process. Accepting the award and making sure all paperwork is completed advances the project to the next stage of grant management, bringing the work of the project to the community it is meant to support.

ABOUT THE GREAT LAKES MIDWEST REGIONAL FOOD BUSINESS CENTER

The Great Lakes Midwest Regional Food Business Center was dedicated to offering coordination, technical assistance, and capacity building opportunities for farmers, producers, and other food business owners, in support of a more resilient and competitive food system.

Michigan State University Center for Regional Food Systems (MI) coordinated the Great Lakes Midwest Regional Food Business Center that was comprised of network coordinators – Chicago Food Policy Action Council (IL), Northwest Indiana Food Council (IN), Food Finance Institute of the University of Wisconsin System (WI), and the Menominee Indian Tribe of Wisconsin Department of Agriculture and Food Systems – who sought to take a transformational, rather than transactional, approach. Learn more at glm-rfbc.msu.edu.