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Federal Grant Applications: What You Need to Know Before You Start Writing

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Tip: For those that are incorporated (C, S, and Non-profit corporations), you will need to provide your articles of incorporation and company bylaws.

Make Sure Your Business Is Up and Running

Contrary to popular belief, federal grants will not pay you to start a farm business.

Tip: Having business experience adds credibility to your grant application. New businesses may have difficulty obtaining grant funding.

Register Your Business with the South Carolina Secretary of State

Register your business with the [SC Secretary of State](https://sos.sc.gov/) to obtain proof your business exists and is in good standing in South Carolina (<https://sos.sc.gov/>).

Tip: Print a screenshot of the South Carolina Secretary of State's webpage showing your business name and the fact it is in good standing.

Tip: Buy a signed "Certificate of Existence" (on the same website) for your records.

Match Your Proposal to the Grant Purpose

Make sure your project meets guidelines in the Request for Proposals (RFP) labeled "eligible projects." Typically, grants for farmers involve rural job creation, technical assistance, cooperative development, and value-added production (post-harvest handling/processing).

Tip: No grants will simply pay you to farm.

Tip: Make sure the grant purpose aligns with your business's goals. Do not change the direction of your company to pursue a grant.

Prove You Are Farming

Federal grants require you are actively engaged in farming. Ownership of farmland is not required; you can lease land, but you must provide a copy of the lease agreement.

Tip: Keep copies of your old tax returns, you may have to include a copy of your IRS schedule F tax form (profit and loss from farming) as proof of farm income.

Have a Business Plan

Grant applications are similar to business plans. If you already have a business plan, it will be much easier to fill out the application. Also, all VAPG working capital grants over \$50,000 require a business plan and a feasibility study (if your business has less than two years of sales records).

Tip: Business planning assistance is available. See the grant writing help section of this article.

Keep Separate Bank Accounts

You will need a bank account number for your SAMs registration. It would be best to register with a business bank account.

Tip: It is wise to keep grant income separate from other bank accounts. To simplify reporting for grant funds spent, avoid co-mingling grant funding with other accounts.



Collect Letters of Support

At least six to ten letters of support are needed for most federal grants. These letters need to come from prospective buyers (VAPG), community leaders and politicians (SDGG), and local economic development entities (RBDG). It takes a while to get these letters, so start collecting them as soon as possible.

Tip: Provide supporters with a basic letter outline, so all they have to do is modify the letter of support, put it on their company letterhead, and sign.

Prove You Have Matching Funds

Almost all grants request matching funds to show that you have some skin in the game. Matching funds can come in the form of cash or in-kind contributions (like your personal efforts).

Tip: The best match is a cash match. Cash match requires proof that you already have the money (provide a bank statement) or can borrow the money (a letter from your bank).

Pay Attention to Scoring Criteria

Each section outlined in the RFP has points awarded to them. The more points your application receives, the more likely it will be funded.

Tip: Make sure you do a great job on the easy sections, as these are almost “free” points. An example of this would be a section about the qualifications of key personnel. You would need to write down every person who works on the farm and include their credentials and also describe how they are committed to the proposed project. This section is often weighted as much as the work plan or budget, which require much lengthier information. Often, I think people get tired and want to skip over having to provide more time-consuming details that seem trivial, but it will end up hurting your overall score.

A Note to Grant Recipients

A federal grant is a contract between you and the USDA. You must spend the grant money on expenses, as outlined in your grant application. If you do not follow the budget contract, if audited, you could be forced to repay the money.

In addition to keeping receipts, you must file quarterly and semi-annual reports with the USDA. Anything promised in your grant proposal will require proof that you performed those activities. Prepare progress reports with newspaper clippings, webpage printouts, and pictures.

Tip: Hire someone to help you with bookkeeping and reporting.

Do You Have Grant Writing Questions?

After fulfilling application requirements, the grant still needs to be written. Some public resources are available in South Carolina to help producers with grants, business planning, and feasibility studies. These resources are not unlimited, so be sure to contact them at least a month before the grant due date. Those who need extra help should consider hiring a consultant/grant writer.

USDA Rural Development www.rd.usda.gov/sc - Contact: Wieslawa Gartman, Ronda Crave, or Denise Kemp

South Carolina Department of Agriculture ACRE program (www.agriculture.sc.gov/divisions/external-affairs-economic-development/acre/) - Contact: Kyle Player



Small Business Development Center at South Carolina State University
(www.scsu.edu/researchoutreach/smallbusinessdevelopmentcenter.aspx) - Contact: Jim Johnson

SCORE Mentors in South Carolina (www.score.org/score-south-carolina-chapters-and-resources) - Contact: Your Local Chapter

Clemson Extension Agribusiness Program Team (www.clemson.edu/extension/agribusiness/index.html) - Contact: Steve Richards

Clemson Extension Agribusiness Program Team Resources

Steven Richards, Agribusiness Associate, with the Clemson Agribusiness Program Team, is an experienced agribusiness professional and is available to take questions and provide information about agricultural business and industry topics, including business planning, and feasibility studies.

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Additional Agribusiness Program Team member [contact information](#) is available on the Clemson Extension Agribusiness Program Team [website](#) (www.clemson.edu/extension/agribusiness/index.html).

References Cited

1. Federal Register. Inviting Applications for Value-Added Producer Grants and Solicitation of Grant Reviewers. 2019 December 11. Vol. 84, No. 238.
2. Federal Register. Notice of Solicitation of Applications for Inviting Applications for the Rural Economic Development Loan and Grant Programs for Fiscal Year 2020. 2019 November 13. Vol. 84, No. 219.
3. Federal Register. Inviting Applications for Socially Disadvantaged Groups Grants. 2020 June 25. Vol. 85, No. 123.
4. Federal Register. Notice of Solicitation of Applications (NOSA) for the Rural Energy for America Program for Fiscal Year (FY) 2020; Amendment. 2020 March 25. Vol. 85, No. 58,

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<http://lgpress.clemson.edu/publication/federal-grant-applications-what-you-need-to-know-before-you-start-writing>.

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Short Checklist Form

Sometimes disaster relief arrives as a US Department of Agriculture (USDA) grant, and there may be more grants resulting from the COVID-19 pandemic. While obtaining a grant is appealing, many producers overlook grant application details causing many grant proposals to be rejected immediately, before they are read or considered.

Grant Application Checklist

The checklist below is somewhat specific to the four popular farm business grants through the USDA Rural Development office:

1. Value-Added Producers Grant (VAPG)¹
2. Rural Business Development Grant (RBDG)²
3. Socially Disadvantaged Groups Grant (SDGG)³
4. Rural Energy for America Program (REAP)⁴

Most USDA grants have similar paperwork requirements. This checklist focuses on the grant application itself and the items needed before writing a grant proposal. Also included are some helpful tips contributed by USDA employees and grant writers.

- | | |
|--|--|
| <input type="checkbox"/> Do Your Homework | <input type="checkbox"/> Prove You Are Farming |
| <input type="checkbox"/> Apply for Your DUNs and SAMs Numbers | <input type="checkbox"/> Have a Business Plan |
| <input type="checkbox"/> Make Sure Your Business Is Eligible for the Grant | <input type="checkbox"/> Keep Separate Bank Accounts |
| <input type="checkbox"/> Make Sure Your Business Is Up and Running | <input type="checkbox"/> Collect Letters of Support |
| <input type="checkbox"/> Register Your Business with the South Carolina Secretary of State | <input type="checkbox"/> Prove You Have Matching Funds |
| <input type="checkbox"/> Match Your Proposal to the Grant Purpose | <input type="checkbox"/> Pay Attention to Scoring Criteria |

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