

RFSI Matching Funds, Operational Costs, and Pre-award Activities Clarification

Q: In this situation, the tomato processor is seeking RFSI funds to increase the capacity of tomato processing. The 1,000 lbs. grown represents the number of tomatoes that would be grown by the application purely for the RFSI-funded project (if funded, noting they are not requesting pre-harvest funding). Because their project is to create and increase the capacity of Maine tomato processing, their potential Project identified a need to purchase an additional 1,000 lbs. of tomatoes from other Maine farms. This represents a.) the amount of tomatoes the Applicant can reasonably be assured they can grow and b.) a problem-solving strategy to purchase tomatoes that are needed for the RFSI-funded (potentially funded) tomato processing Project from other farms to increase the overall input and thus processing capacity for Maine tomato processing via an RFSI project.

In this scenario the tomatoes being purchased are essential to making a tomato processing project possible with RFSI funds infused for the processing activities and expenditures and a request that the value of the purchased tomatoes be considered eligible to be documented as an in-kind match.

Would the tomatoes that the Project applicant plan to purchase for the Project be eligible as an in-kind match?

Hello Michelle,

Thank you for asking for further clarification. As you can see by the FAQ we just sent (attached below), RFSI funds are for project expenses related to the building of infrastructure and not the purchasing of food products to be processed. Within your tomato example, it would be unallowable for the project to purchase tomatoes to be processed and therefore would not be eligible to meet the match requirement.

RFSI Program Scope and Requirements, Section 1.5.6 states that a project is a set of interrelated tasks with a defined goal, a definitive beginning and end and are different from other ongoing operations in an organization. RFSI Infrastructure Grant projects should expand capacity and infrastructure for the aggregation, processing, manufacturing, storing, transporting, wholesaling, or distribution of targeted agricultural products. RFSI funds should not be used to cover daily operational business expenses nor the purchase of agricultural products for production. Applications should include only the costs necessary for the completion of the proposed project activities and not operational costs for the period of performance.

The intent of RFSI Infrastructure Grants (i.e., subawards) is for projects to expand capacity and infrastructure for the aggregation, processing, manufacturing, storing, transporting, wholesaling, or distribution of targeted local and regional agricultural products.

Matching funds must be necessary and reasonable for accomplishment of project or program objectives. The funds used to purchase tomatoes as described in the email does not seem necessary for expanding capacity and infrastructure, and thus are unallowable as match. See 2 CFR 200.306(b) for additional information on matching fund requirements.

Please let us know if you have any further questions.

Thank you,

RFSI Team

Email: rfsi@usda.gov

Website: www.ams.usda.gov/services/grants/rfsi

RFSI Matching Funds, Operational Costs, and Pre-award Activities Clarification

From: AMS.RFSI <RFSI@usda.gov>
To: AMS.RFSI <RFSI@usda.gov>
Subject: RFSI FAQ: Operational Expenses

EXTERNAL: This email originated from outside of the State of Maine Mail System. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello all,

Below you will find clarification on daily operational business expenses that will assist you, the state, as you conduct the administrative review of your selected applications.

Q: Can RFSI funds be used to cover applicants daily operational business expenses?

A: RFSI Program Scope and Requirements, Section 1.5.6 states that a project is a set of interrelated tasks with a defined goal, a definitive beginning and end and are different from other ongoing operations in an organization. RFSI Infrastructure Grant projects should expand capacity and infrastructure for the aggregation, processing, manufacturing, storing, transporting, wholesaling, or distribution of targeted agricultural products. RFSI funds should not be used to cover daily operational business expenses nor the purchase of agricultural products for production. Applications should include only the costs necessary for the completion of the proposed project activities and not operational costs for the period of performance.

Thank you,

RFSI Team

Email: rfsi@usda.gov

Website: www.ams.usda.gov/services/grants/rfsi

Q: May RFSI applicants start their Projects, or related activities, before a subrecipient contract is executed?

A: No, see message from USDA AMS RFSI:

From: AMS.RFSI <RFSI@usda.gov>
To: AMS.RFSI <RFSI@usda.gov>
Subject: NEPA Clarification

Good afternoon,

Our NEPA liaison has provided clarification on some aspects of the NEPA review to ensure compliance within the RFSI subaward process. Please let us know if you have any further questions.

RFSI Matching Funds, Operational Costs, and Pre-award Activities Clarification

- **NEPA reviews must encompass all RFSI federally funded activities as well as all connected actions.**
 - Connected actions are “closely related” and “should be discussed” in the same NEPA document (40 CFR 1508.25 (a)(1)). Proposed actions are connected if they automatically trigger other actions that may require an environmental impact statement; cannot or will not proceed unless other actions are taken previously or simultaneously; or if the actions are interdependent parts of a larger action and depend upon the larger action for their justification (40 CFR 1508.25 (a)(1)).
- **Sub-awardees must not start their project before receiving notice of AMS approval/award. This includes activities funded by RFSI and all connected actions. If they start their project before receiving AMS approval their project cannot be approved/awarded. This includes, but is not limited to, site preparation, construction, clearing of land, etc.**
 - States/Territories must ensure subaward recipients comply with all relevant laws, regulations, and policies regarding environmental management and protection and that no component of the proposed action be implemented prior to the completion of AMS’s environmental review and final decision, or AMS’s approval for that proposed action, consistent with 40 CFR 1506.1. This includes determinations that the Agency is not able to fulfill its consultation and other obligations under NEPA that during the environmental review process, ...no action concerning the proposal shall be taken which would: (1) Have an adverse environmental impact; or (2) Limit the choice of reasonable alternatives” (40 CFR 1506.1). NEPA and associated case law prohibits “segmentation” of actions whereby smaller portions of actions are evaluated to minimize the overall impact of otherwise connected actions (40 CFR 1508.25).

Please let us know if you have any questions or concerns.

Melissa and Sara

RFSI Team

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