

UNITED STATES DEPARTMENT OF AGRICULTURE

Rural Development
Rural Business–Cooperative Service

RD Instruction 4284-F

SUBJECT: Part 4284 Grants
Subpart F, Rural Cooperative Development Grants

TO: Agency Administrators, State Directors, National Office Officials, Program Directors and Rural Development Staff

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OFFICE OF PRIMARY INTEREST: Rural Business-Cooperative Service

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AVAILABILITY: This RD Instruction can be accessed via the [RD Directives Resource Library](#) and the RD Instructions web page: [Instructions | Rural Development \(usda.gov\)](#)

PURPOSE: To set forth Agency guidelines and policy on how to implement 7 CFR 4284, [Subpart F](#).

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Part 4284 Grants

Subpart F - Rural Cooperative Development Grants

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§ 4284.501 Purpose.

This subpart implements the Rural Cooperative Development Grant (RCDG) Program. Grants are made to Nonprofit Institutions who in turn provide Technical Assistance including Cooperative Development to start, expand or improve Cooperatively and Mutually Owned Businesses in Rural Areas.

§ 4284.502 Organization of subpart.

The information in this subpart is organized into six main topics:

- (a) General information. Sections 4284.501 through 4284.519 discuss the purpose of the program, definitions, exception authority, conflict of interest, and compliance with other laws and regulations.**
- (b) Eligibility information. Sections 4284.520 through 4284.529 discuss the eligibility requirements for the program. The sections include information on Applicant eligibility, Project eligibility, and the use of funds. See § 4284.522 for information about the award amounts, Period of Performance, and Matching Funds requirements.**
- (c) Application requirements information. Sections 4284.530 through 4284.539 discuss the requirements for submitting an application. The sections include information on what forms and other information are required for a complete application as well as the format of the application, the application deadline, and how to**

submit the application.

- (d) **Application processing information.** Sections 4284.540 through 4284.549 discuss how the Agency will process applications. The sections include information on how applications will be reviewed for eligibility, how applications will be evaluated for merit, and how an Applicant can withdraw an application from consideration.
- (e) **Award information.** Sections 4284.550 through 4284.559 discuss how the Agency will make awards. The sections include information about how applications will be selected for funding, how Applicants will be notified if their applications are selected for funding, how Applicants can resolve disputes regarding funding selections, and the requirements for an Applicant to accept an award and be approved as a Recipient of an award.
- (f) **Post-award information.** Sections 4284.560 through 4284.561 discuss the reporting requirements for Recipients after an award is approved as well as monitoring procedures that the Agency will use.
- (g) **Other.**
- (1) Sections 4284.562 through 4284.599 are reserved.
 - (2) Section 4284.600 includes the Office of Management and Budget (OMB) control number for reporting and recordkeeping requirements under this subpart.

§ [4284.503](#) Definitions.

These are the definitions for terms used in this subpart. Additional terms used in this subpart are found in the applicable laws and regulations, in particular [2 CFR part 200](#) and [7 CFR part 11](#).

1994 Institution means a college identified as such for purposes of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note).

Adverse Decision has the meaning located at [7 CFR 11.1](#).

Adverse Decision Letter means a letter issued by the Agency to the Applicant or Recipient that explains the Adverse Decision.

Agency means the Rural Business-Cooperative Service (RBCS or the Agency), an agency of the United States Department of Agriculture (USDA or the Department), or a successor agency.

Applicant means the Nonprofit Institution that is applying for funding through the RCDG program.

Board of Directors (Board) means the group of individuals that manage or direct the Center.

Business Plan means a formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals, including pro forma financial statements appropriate to the term and scope of the Project and sufficient to evidence the viability of the Project. It may also contain background information about the organization or team attempting to reach those goals.

Center means the Rural Cooperative Development Center to be established and/or operated by a Recipient of the RCDG program.

Cooperative means a business or organization owned, democratically governed, controlled and operated by those who use and benefit from it. Profits and losses generated by the organization are distributed in proportion to use as patronage to the user-owners, also known as members. Investment returns to non-members are limited.

Cooperative Development refers to a type of Technical Assistance that establishes and promotes Cooperative businesses through hands-on activities, often but not exclusively, assisting a group through a series of stages. These stages include but are not limited to the following: idea exploration by a group with shared needs, member-use analysis, identifying a steering committee and guiding them through the development process, modeling effective democratic processes and good governance practices, creation of legal and policy documents, conducting a membership drive, raising member equity, acquiring sufficient capital, supporting operations, ongoing education and training, ongoing Board development and relations with management, supporting decision-making regarding patronage, and fostering an environment that is supportive of Cooperatives.

Economic Development means the economic growth of an area as evidenced by an increase in total income, employment opportunities, decreased out-migration of population, value of production, increased

diversification of industry, higher labor force participation rates, increased duration of employment, higher wage levels, or gains in other measurements of economic activity, such as land values.

Equipment has the meaning located at [2 CFR 200.1](#).

Feasibility Study means a comprehensive analysis of the economic, market, technical, financial, and management capabilities of a Project or business in terms of the Project's expectation for success.

Federal Award has the meaning located at [2 CFR 200.1](#).

Grant Agreement or Financial Assistance Agreement has the meaning located at [2 CFR 200.1](#).

Institutions of Higher Education has the meaning located at [2 CFR 200.1](#).

Key Personnel means employees, new hires, consultants, and/or contractors of the Center who provide Technical Assistance including Cooperative Development and oversee and/or complete the tasks in the work plan.

Letter of Conditions means the letter that the Agency issues to an entity whose application is selected for funding. The letter outlines all the conditions of the award that must be met before the award can be approved. Other agencies may call this letter an award letter or award notice.

Matching Funds means a cost-sharing contribution to the Project that is 25 percent of the eligible Project Cost. For 1994 Institutions, a cost-sharing contribution that is 5 percent of the eligible Project Cost.

Mutually Owned Business means a business not incorporated under a Cooperative statute but operating as a Cooperative. Cooperative operation of the business is reflected in the articles and by-laws.

Networking means the creation and sharing of knowledge, best practices and transferrable strategies, engaging in mentor/mentee relationships amongst Centers, and developing joint Technical Assistance Projects with other Centers and other organizations engaged in Economic Development with the intent of advancing Cooperative Development and its practice.

New Cooperative Approach refers to development of a Cooperatively or Mutually Owned Business approach in a new industry, utilizing a new Cooperative structure, or serving a new function. This industry, structure, or function must be new to the Center or new to the service area.

Nonprofit Institution means any organization or institution, including an accredited Institution of Higher Education, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

Operating Cost means the day-to-day expenses of running a business; for example: utilities, rent on the office space a business occupies, salaries, depreciation, marketing and advertising, and other basic overhead items.

Period of Performance has the meaning located at [2 CFR 200.1](#).

Project means all of the eligible activities to be funded by the grant and Matching Funds under this subpart.

Project Cost has the meaning located at [2 CFR 200.1](#).

Public Body means any State, county, city, township, incorporated town or village, borough, authority, district, Economic Development authority, or Indian tribe on Federal or State reservations or other federally recognized Indian tribe.

Real Property has the meaning located at [2 CFR 200.1](#).

Recipient has the meaning located at [2 CFR 200.1](#).

Research and Development (R&D) has the meaning located at [2 CFR 200.1](#).

Rural and Rural Area means any area of a State not in a city or town that has a population of more than 50,000 inhabitants, according to the latest decennial census of the United States, or in the urban area contiguous and adjacent to a city or town that has a population of more than 50,000 inhabitants, and any area that has been determined to be “rural in character” by the Under Secretary for Rural Development (RD), or as otherwise identified in this definition as follows:

- (1) An area that is attached to the urban area of a city or town with more than 50,000 inhabitants by a contiguous area of urbanized census blocks that is not more than two (2) census blocks wide. Applicants from such an area should work with their RD State office to request a determination of whether their project is located in a Rural Area under this provision.
- (2) For the purposes of this definition, cities and towns are incorporated population centers with definite boundaries, local self-government, and legal powers set forth in a charter granted by the State.

- (3) For the purposes of this definition, populations of individuals incarcerated on a long-term or regional basis shall not be included in determining whether an area is “rural” or a “rural area”.**
- (4) For the purposes of this definition, the first 1,500 individuals who reside in housing located on a military base shall not be included in determining whether an area is “rural” or a “rural area”.**
- (5) For the Commonwealth of Puerto Rico, the island is considered Rural and eligible for Business Programs assistance, except for the San Juan Census Designated Place (CDP) and any other CDP with greater than 50,000 inhabitants. CDPs with greater than 50,000 inhabitants, other than the San Juan CDP, may be determined to be eligible if they are “not urban in character.”**
- (6) For the State of Hawaii, all areas within the State are considered Rural and eligible for Business Programs assistance, except for the Honolulu CDP within the County of Honolulu.**
- (7) For the purpose of defining a Rural Area in the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands, the Agency shall determine what constitutes Rural and Rural Area based on available population data.**
- (8) The determination that an area is “rural in character” will be made by the Under Secretary of RD. The process to request a determination under this provision is outlined in paragraph (8)(ii) of this definition.**

- (i) The determination that an area is “rural in character” under this definition will apply to areas that are within:**
- (A) An urban area that has two points on its boundary that are at least 40 miles apart, which is not contiguous or adjacent to a city or town that has a population of greater than 150,000 inhabitants or the urban area of such a city or town; or**
 - (B) An urban area contiguous and adjacent to a city or town of greater than 50,000 inhabitants that is within one-quarter mile of a Rural Area.**
- (ii) Units of local government may petition the Under Secretary of RD for a “rural in character” designation by submitting a petition to both the appropriate RD State Director and the Administrator on behalf of the Under Secretary. The petition shall document how the area meets the requirements of paragraph (8)(i)(A) or (B) of this definition and discuss why the petitioner believes the area is “rural in character,” including, but not limited to, the area’s population density, demographics, and topography and how the local economy is tied to a rural economic base. Upon receiving a petition, the Under Secretary will consult with the applicable Governor or leader in a similar position and request comments to be submitted within five (5)**

business days, unless such comments were submitted with the petition. The Under Secretary will release to the public a notice of a petition filed by a unit of local government not later than 30 days after receipt of the petition by way of publication in a local newspaper and posting on the Agency’s website, and the Under Secretary will make a determination not less than 15 days, but no more than 60 days, after the release of the notice. Upon a negative determination, the Under Secretary will provide to the petitioner an opportunity to appeal a determination to the Under Secretary, and the petitioner will have 10 business days to appeal the determination and provide further information for consideration.

Rural Development (RD) refers to a mission area within the USDA which includes RBCS, the Rural Housing Service, and the Rural Utilities Service, and their successors.

State means any of the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands.

State Office refers to USDA RD offices located in each State.

Subaward has the meaning located at [2 CFR 200.1](#).

Technical Assistance means the process of providing targeted support for the startup, expansion, and operational improvement of Cooperatively and Mutually Owned Businesses typically delivered via multiple contacts over a period of time. It includes the transfer of skills and knowledge through research and collection of information to provide guidance and advice; assessment and analysis through Feasibility Studies and Business Plans, customized training, written information, in person or virtual exchanges, web-based curricula, and webinars.

Underserved and Economically Distressed has the meaning located in the annual notification issued on the program website.

Value-Added means the incremental profit earned from each transaction or step in processing after deducting processing costs, depreciation, and other relevant expenses. Each stage of processing or ownership transfer typically adds value to a good, product, or service.

§ [4284.504](#) Exception authority.

The Administrator of the Agency may, on a case-by-case basis, grant an exception to any non-statutory requirement or provision of this subpart provided that such exception is in the best financial interests of the Federal Government. Exercise of this authority cannot be in conflict with applicable laws.

§ 4284.505 [Reserved]

§ [4284.506](#) Conflict of interest.

No conflict of interest or appearance of conflict of interest will be allowed.

(a) *Description.* A conflict of interest occurs in a situation in which a person or

entity has a competing, or the appearance of a competing, personal, professional, or financial interest that makes it difficult for the person or entity to act impartially. For purposes of this subpart, interactions among the following individuals constitute a conflict of interest or appearance of a conflict of interest:

- (1) Applicant Board, employees, consultants, and contractors.**
- (2) Recipient Board, employees, consultants, and contractors.**
- (3) Center Board, employees, consultants, and contractors.**
- (4) Subrecipients and their employees, consultants, and contractors.**
- (5) Immediate family members of those listed in paragraphs (a)(1) through (4) of this section.**

Examples of a conflict of interest are:

(1) An employee of the Center has a family member who is a member of a Cooperative. The Center conducts research and a feasibility study for the Cooperative.

(2) A parent organization is a RCDG Recipient and operates a Center. The parent organization is also a member of a Cooperative. The Center provides training and instruction to that Cooperative.

(3) The Center pays the salary of an employee who is providing Technical Assistance to a Cooperative to which the employee is also a member.

(4) The Center's Board member or employee is also on the board of directors for a Cooperative to which the Center is providing Technical Assistance.

(b) Written disclosure. Recipients must comply with [2 CFR 400.2\(b\)](#), which

requires written disclosure of any potential conflicts of interest and maintaining written standards of conduct covering conflicts of interest and governing the performance of its employees in the selection, award, and administration of Federal Awards.

(c) Assistance to employees, relatives, and associates. The Agency will process any requests for assistance under this subpart in accordance with [7 CFR part 1900, subpart D](#).

(d) Member/delegate clause. No member of or delegate to Congress shall receive any share or part of this grant or any benefit that may arise there from; but this provision shall not be construed to bar, as a contractor under the grant, a publicly held corporation whose ownership might include a member of Congress.

§ 4284.507 [Reserved].

§ [4284.508](#) Compliance with other laws and regulations.

The Agency, Applicants, and Recipients must comply with all applicable laws and regulations. An effort has been made to identify the most-commonly cited laws and regulations and to reference them as follows:

(a) Federal laws. Federal laws are codified in the United States Code (U.S.C.).

A selection of laws is identified as follows:

(1) Equal Credit Opportunity Act ([15 U.S.C. 1691 et seq.](#)).

(2) Consumer Credit Protection Act ([15 U.S.C. 1601 et seq.](#)).

(3) Americans with Disabilities Act of 1990 ([42 U.S.C. 12101 et seq.](#)).

- (4) The Civil Rights Act of 1964, Title VI ([42 U.S.C. 2000d et seq.](#)).
- (5) The Rehabilitation Act of 1973, Section 504 ([29 U.S.C. 794](#)).
- (b) **Federal regulations.** Federal regulations are codified in the Code of Federal Regulations (CFR). In particular, [2 CFR](#) parts 1 through 200 address items such as universal identifiers, reporting Subaward and executive compensation, debarment and suspension, drug-free workplaces, administrative requirements, cost principles, and audit requirements. We particularly encourage Applicants and Recipients to become familiar with [2 CFR part 200](#) in its entirety.
- (c) **Departmental regulations.** Departmental regulations are those regulations that are specific to awards made through the USDA. They are codified in the CFR. A selection of applicable regulations is identified as follows:
- (1) [2 CFR parts 400 through 499](#). These parts include USDA's adoption of Federal administrative requirements and cost principles. They also include regulations on debarment and suspension, lobbying, drug-free workplaces, and research awards.
- (2) [7 CFR part 11](#). This part includes USDA's procedures for administrative appeals, as handled by its National Appeals Division.
- (3) [7 CFR part 15](#). This part includes USDA's procedures for compliance with nondiscrimination laws and regulations.
- (d) **Agency regulations.** Agency regulations are those regulations that are specific to awards made through the Agency and they may also be specific

to a program. They are codified in the CFR. A selection of those regulations is as follows:

- (1) [7 CFR part 1900](#). This part covers delegations of authority, Adverse Decisions and administrative appeals, applicability of federal law, and processing and servicing grant awards.
- (2) [7 CFR part 1901, subpart E](#). This subpart covers civil rights compliance requirements.
- (3) [7 CFR part 1951](#). This part covers servicing grant awards, including unauthorized assistance.
- (4) [7 CFR part 1970](#). This part covers environmental policies and considerations.

(e) Access to laws and regulations.

- (1) Laws may be accessed through the U.S.C. At the time this subpart was published, the U.S.C. may be accessed electronically at this website: <https://uscode.house.gov/>.
- (2) Regulations may be accessed through the CFR. At the time this subpart was published, the CFR may be accessed electronically at this website: <https://www.ecfr.gov/>.

§§ 4284.509-4284.519 [Reserved]

§ [4284.520](#) Applicant eligibility.

- (a) **Eligible Applicants.** Applicants are eligible for assistance through this program if they meet the following requirements:

- (1) Applicant type. A Nonprofit Institution.**
- (2) Applicant location. Applicant must be located in a State.**
- (3) Unique entity identifier (UEI). Applicants must have a UEI and active registration through the System for Award Management (SAM) at SAM.gov unless exempt under [2 CFR 25.110](#).**
- (4) Multiple grant eligibility. An Applicant may submit only one application in response to a solicitation. All applications submitted, regardless of the Applicant entity name, that include the same Executive Director, employees, Board, advisory boards or committees of an existing Center or a majority thereof will be determined ineligible for funding.**

(b) Ineligible Applicants. Applicants are ineligible for assistance through this program if one or more of the following occurs:

- (1) The Applicant is an individual, for-profit entity, or Public Body.**
- (2) The Applicant is debarred or suspended or is otherwise excluded from, or ineligible for participation in Federal assistance programs under Executive Order 12549, “Debarment and Suspension.” See [2 CFR part 417](#) for more information.**
- (3) The Applicant has an outstanding judgment obtained against the organization by the United States in a Federal Court (other than United States Tax Court).**
- (4) The Applicant is delinquent on the payment of Federal income taxes.**

- (5) The Applicant is delinquent on Federal debt.
- (6) The Applicant has been convicted of a felony criminal violation under any Federal law within the past 24 months.
- (7) The Applicant has unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability.
- (8) The Applicant has an active award through this program that is not scheduled to end until after September 30 (for awards that began the preceding October 1) of the current Federal fiscal year, or December 31 (for awards that began the preceding January 1) of the current calendar year.

§ 4284.521 [Reserved]

§ [4284.522](#) Project eligibility.

(a) Eligible Projects. Eligible Projects must meet all of the following requirements. Failure to meet one or more of these requirements means that the application will not be considered for funding.

(1) **Rurality**. All Project activities must serve individuals, Cooperatively and Mutually Owned Businesses, small businesses, or other similar entities in Rural Areas.

(2) **Project focus**. The Project must focus on establishing or operating a

Center with the goals of creating jobs in Rural Areas through the development of new Rural Cooperatives, Value-Added processing, and Rural businesses.

(3) Amount requested. The amount requested must not exceed any maximum amounts specified in the annual notification issued on the program website.

(4) Matching Funds. Matching Funds may be provided in cash by the Applicant, or cash or in-kind by a third party and are required for 25 percent (or 5 percent if a 1994 Institution) of the Project Cost. For example, if an Applicant requests an award amount of \$150,000, the Matching Funds contribution must be \$50,000, and the overall Project Cost is \$200,000.

An example of how to calculate Matching Funds is as follows:

a. Take the amount of grant funds requested and divide it by .75. This will give you the Project cost.

Example: \$200,000 (grant amount)/.75 (percentage for use of grant funds) = \$266,667 (Project Cost)

b. Subtract the amount of grant funds requested from the Project Cost. This will give you the Matching Funds requirement.

Example: \$266,667 (Project Cost) - \$200,000 (grant amount) = \$66,667 (Matching Funds requirement)

c. A quick way to double check that you have the correct amount of Matching Funds is to take the Project Cost and multiply it by .25.

Example: \$266,667 (Project Cost) X .25 (maximum percentage of

Matching Funds requirement) = \$66,667 (*Matching Funds requirement*)

(i) Matching Funds.

(A) Must be spent on eligible expenses.

(B) Must be from non-federal sources unless authorized to be used as Matching Funds by the legislation authorizing the federal source of funding.

(C) Must be spent in advance or as a pro-rata portion of grant funds being spent.

(ii) In-kind contributions.

(A) Cannot include over-valued, in-kind contributions.

(B) You must be able to document and verify the number of hours worked and the value associated with any in-kind contribution being used to meet a Matching Funds requirement.

(C) In-kind contributions provided by individuals, businesses, or Cooperatives which are being assisted by the Center cannot be provided for the direct benefit of their own Projects as USDA RD considers this to be a conflict of interest.

(5) Use of funds. The Project must use grant and Matching Funds for allowable purposes. See § [4284.525](#) of this subpart.

(6) Period of Performance. The Period of Performance cannot exceed

one (1) year. The grant period should begin no earlier than October 1 (the beginning of the Federal fiscal year) and no later than January 1 (the beginning of the calendar year.

(b) *Ineligible Projects.* Projects are ineligible for assistance through this program if the application:

- (1) Requests more than the maximum grant amount;**
- (2) Focuses assistance on one Cooperatively or Mutually Owned Business;**
- (3) Includes a conflict of interest (see § [4284.506](#) of this subpart) where the expenses associated with the conflict of interest exceed 10 percent of the Project Cost. If the costs associated with the conflict of interest are 10 percent or less, the process in (4) will be followed;**
- (4) Includes unallowable costs (see § [4284.525](#) of this subpart) totaling more than 10 percent of Project Costs. If the application includes 10 percent or less of Project Costs in unallowable costs, and the application is otherwise eligible and selected for funding, those unallowable costs must be removed. If time permits, the Agency may allow those unallowable costs to be replaced with allowable costs. Otherwise, the amount of the Award will be reduced accordingly. If we cannot determine the percentage of unallowable costs, your application will not be considered for funding.**

§§ 4284.523–4284.524 [Reserved]

§ [4284.525](#) Use of grant and Matching Funds.

(a) **Allowable Uses of grant and Matching Funds.** The following types of activities and expenses are allowable:

- (1) Costs associated with establishing or operating a Center, including legal services, accounting services, clerical assistance, technical services, office supplies, hiring employees, monitoring contracts, professional development for staff, attending conferences that would advance Cooperative Development and its practice, and Board travel;
- (2) Technical Assistance including Cooperative Development as defined in § [4284.503](#);
- (3) Costs for coordination of services and sharing of information among the Centers; and
- (4) Providing loans and/or grants as Subawards per [2 CFR part 200](#) for Technical Assistance including Cooperative Development.

(b) **Unallowable Uses of grant and Matching Funds.** No funds under this subpart shall be used to:

- (1) Pay for the preparation of the grant application;
- (2) Pay any costs of the Project incurred prior to the date of grant approval;
- (3) Pay expenses not directly related to the funded Project;
- (4) Pay for Board/advisory council member's time;

- (5) Pay for the Operating Costs of any entity receiving assistance from the Recipient;
- (6) Fund R&D;
- (7) Duplicate activities paid for by another Federal grant program or activities charged to a previous RCDG Project;
- (8) Pay for assistance to any private business enterprise which does not have at least 51 percent ownership by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence;
- (9) Pay for any goods or services from a person or entity who has a conflict of interest with the Recipient;
- (10) Pay any judgment or debt owed to the United States;
- (11) Purchase or make improvements to Real Property;
- (12) Plan, develop, repair, rehabilitate, acquire, or construct a building or facility;
- (13) Purchase, lease purchase, or install Equipment;
- (14) Purchase or pay for the repair of vehicles; or
- (15) Fund activities considered unallowable by the applicable cost principles, mostly of which are included in [2 CFR part 200 subpart E](#) or successor regulation.

§§ 4284.526-4284.529 [Reserved]

§ [4284.530](#) Notifications.

The Agency will issue any program notifications on the program website.

- (a) **Amount of funding available.** The Agency will publish the amount of funding available for awards during each Fiscal Year within 30 calendar days of notification from OMB of the amount available.
- (b) **Underserved and Economically Distressed Areas.** The Agency will publish the source for identifying Underserved and Economically Distressed areas no later than the date the application period opens.
- (c) **Additional merit evaluation criteria.** The Agency may establish additional merit evaluation criteria to meet the Department's or Agency's key priorities, goals, and objectives. Any such criteria will be published no later than the date the application period opens.
- (d) **Other.** The Agency will publish any other additional requirements or programmatic changes no later than the date the application period opens.

§ [4284.531](#) Application requirements.

All applications must include the following:

- (a) **Application forms.** The following forms must be completed, signed, and submitted as part of the application. Any additional forms that may be required will be published in the applicable annual notification.
 - (1) SF-424, "Application for Federal Assistance."
 - (2) SF-424 A, "Budget Information — Non-Construction Programs."
- (b) **Proposal.** Each proposal must contain the following items. Additional items may be requested and will be published in the applicable annual

notification.

- (1) Title page.**
- (2) Table of contents.**
- (3) A summary of the proposal should briefly describe the Center, the goals of the Project, and the amount requested.**
- (4) Applicants must discuss how the following are met:**
 - (i) Eligibility requirements in § [4284.520](#) of this subpart; including how they identify as an Institution of Higher Education or Nonprofit Institution;**
 - (ii) Project eligibility requirements in § [4284.522](#); and**
 - (iii) Eligible use of grant and Matching Funds requirements in § [4284.525](#) of this subpart.**
- (5) The proposal narrative should address how the Center will improve the economic conditions of Rural Areas by providing Technical Assistance including Cooperative Development. In particular, the Applicant must:**
 - (i) Substantiate that the Center will use RCDG funds to serve Rural Areas in the United States as defined in § [4284.503](#).**
 - (ii) Provide a description of the contributions that this Project is likely to make that will improve the economic conditions of the Rural Areas served by the Center.**
 - (iii) Discuss how the Center, in carrying out the activities, will**

seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal Government, Tribal Government, and State and local governments.

(iv) Discuss how the Center intends to take all practicable steps to develop continuing sources of financial support for the Center, particularly from sources in the private sector. Applicants should indicate what financial support has been received in the past three (3) years from private sources and share plans of how the Applicant intends to secure long term sustainability of the Center.

(v) Merit evaluation criteria must be addressed in narrative form by the Applicant.

(A) Experience. Describe the Center's experience in Technical Assistance including Cooperative Development. Include the Center's role and accomplished outcomes for each organization assisted. Described experience must be within the last three (3) years. Centers that are not yet established should discuss the expertise and track record of Key Personnel expected to perform activities related to the Project. Provide the

following for each organization assisted:

- (1) Name of organization;**
- (2) Organization's complete address;**
- (3) Indicate whether the service location is Rural;**
- (4) Indicate whether the organization is
Cooperatively or Mutually owned;**
- (5) Discussion on the Applicant's role(s) in
providing Technical Assistance, including
Cooperative Development;**
- (6) Date(s) of service;**
- (7) Indicate if a Cooperatively or Mutually Owned
Business was established as a result of the
Cooperative Development services provided;**
- (8) Date the Cooperatively or Mutually Owned
Business was established;**
- (9) Indicate whether the Cooperatively or Mutually
Owned Business is active or inactive;**
- (10) Discussion on any New Cooperative
Approach used; and**
- (11) Discussion on the outcomes of the
assistance, including but not limited to, the
retention of Cooperatively or Mutually**

Owned Businesses, jobs created and/or saved, or other economic conditions (e.g.,: number of housing units, number of childcare spaces, etc.).

(B) Work plan and budget. All tasks in the work plan and budget must be for allowable uses of funds. For each task, the following must be provided:

- (1) A detailed narrative description, for each of the Technical Assistance, Cooperative Development, and Networking tasks as well as any Subawards for loans and/or grants. Applicants must identify project partners for Networking tasks;**
- (2) A detailed breakdown of all estimated Project Costs including Operating Costs, with grant and Matching Funds identified separately;**
- (3) Key Personnel that will be responsible for overseeing and/or conducting each task;**
- (4) A specific timeframe corresponding to the actual time each task is estimated to be completed; and**
- (5) Zip code for each of the organizations being assisted who are located in Underserved and Economically Distressed areas.**

(C) Qualifications of Key Personnel. Key Personnel are expected to be qualified, committed, and available during the Period of Performance. The following must be provided for each Key Personnel identified in the work plan and budget.

- (1) Name of Key Personnel;**
- (2) A summary of formal training and/or skills and years of experience directly related to the task(s) to be performed as outlined in the work plan and budget; and**
- (3) For Key Personnel to be hired, list the necessary qualifications needed to complete Project task(s).**

(D) Verification of Matching Funds. Applicants must provide authentic documentation from the source(s) of Matching Funds to confirm the eligibility and availability of both cash and in-kind contributions that meet the Matching Funds requirements as defined in §§ [4284.503](#) and [4284.522](#) of this subpart. If selected for funding, Matching Funds will be reverified before a Financial Assistance Agreement is executed.

(vi) Applicants must certify that Matching Funds will be spent at

the same time grant funds are anticipated to be spent and that expenditures of Matching Funds shall be pro-rated or spent in advance of grant funding, such that for every dollar of the grant funds requested, at least 25 cents (5 cents for 1994 Institutions) of Matching Funds will be expended.

(vii) To measure the success of the Project in a quantitative way, Applicants must have baseline and target performance metrics and will have a baseline metric of zero. Applicants must provide a target metric for each of the following performance metrics:

(A) Number of Rural groups assisted.

(B) Number of Cooperatives assisted.

(1) Number of jobs created/saved.

(2) Number of jobs created/saved in Underserved and Economically Distressed areas.

(C) Number of Mutually Owned Businesses (LLC/LLP) assisted.

(1) Number of jobs created/saved.

(2) Number of jobs created/saved in Underserved and Economically Distressed areas.

(D) Number of other businesses assisted.

(1) Number of jobs created/saved.

**(2) Number of jobs created/saved in Underserved
and Economically Distressed areas.**

(E) Number of Business Plans developed.

(F) Number of Cooperatives incorporated.

(G) Number of Feasibility Studies completed.

(H) Number of workshops/seminars conducted.

(I) Number of conferences held.

**(1) Number of conferences conducted with other
Centers.**

**(2) Number of conferences conducted with other
organizations.**

**(J) If working with housing, number of housing units
created/saved.**

**(K) For consumer co-ops (grocery, retail) number of
people with access to goods or services.**

**(L) Financial loss avoided as a result of 'no-go' decision in
the Cooperative Development process.**

**(M) Any additional performance measures as outlined in
your Financial Assistance Agreement, or specified in
the annual notification.**

**(1) It is permissible to have a zero in a performance
metric. Jobs created targets must be calculated**

based upon actual jobs to be created by the Center because of RCDG funding or actual jobs to be created by Cooperatively or Mutually Owned Businesses as a result of the assistance from the Center. Jobs saved targets must be calculated only on actual jobs that would have been lost if the Center did not receive RCDG funding or actual jobs that would have been lost without assistance from the Center.

(2) Additional performance metrics can be suggested, for example; where jobs created or jobs saved may not be a relevant indicator (e.g., housing). These additional criteria must be specific and measurable performance metrics to be included in a Federal Financial Assistance Agreement.

§ 4284.532 [Reserved]

§ [4284.533](#) Submission requirements.

Unless otherwise specified in an annual notification issued under § [4284.530](#), the following requirements apply to all applications.

(a) Submission period. The application period opens on March 1 and closes 11:59 pm Eastern time, on June 1. Applicants are encouraged to submit

their applications well in advance of the closing date to ensure timely receipt by the Agency.

- (b) **Submission process.** The annual notification will be published on the OMB-designated governmentwide website and will provide instructions on how and where to submit completed applications for RCDG funding. All items required for the application must be submitted in a single application package. Revisions or additional information will not be accepted after the application period closes. Incomplete applications will be rejected and not considered for funding.

§§ 4284.534-4284.539 [Reserved]

§ [4284.540](#) Application processing.

The following information describes the way the Agency will process applications, including the evaluation of eligibility, risk, and merit.

- (a) **Eligibility evaluation.** The Agency will review all applications to determine if they are eligible for assistance based on the requirements in this subpart and other applicable Federal laws and regulations. In particular, the Agency will check the OMB designated repository of government information and, applicants that are excluded from Federal funding will be determined ineligible (see [2 CFR 200.206](#) for more information). An application must include all application requirements identified in § [4284.531](#), or the Agency will determine that it is ineligible for assistance.

The initial screening for eligibility and completeness will be conducted in the State

Office. Agency staff must check the following systems for exclusions or restrictions: Do Not Pay and SAM.gov.

(b) Risk evaluation. The Agency will review those applications that are determined to be eligible for the program.

(1) Typically, the Agency will not determine that an application is ineligible for funding based on the results of the risk evaluation, unless the Agency cannot find a way to reasonably mitigate the risk posed by making an award.

(2) If risk evaluation findings identify significant shortcomings in the Applicant's ability to manage Federal funds, the Agency may determine that the application is ineligible for funding.

(3) The Agency will determine if the Applicant has satisfactory performance for all Federal Awards received in the last five (5) years, based upon review of deficiencies reported in the Federal Awardee Performance and Integrity Information System, or its successor system, the Do Not Pay system, or its successor system, and the Agency's own internal financial and record-keeping systems and files. Satisfactory performance includes timely submission of required reports and documents, timely completion of tasks, and proper use of funds, including achieving the level of funds approved and committed for Underserved and Economically Distressed areas.

The initial screening and review of applications for risk will be conducted in the

State Office. The National Office may conduct an additional review of potential Recipients before award. Agency staff must check the following systems for deficiencies: Do Not Pay, SAM.gov, and the Electronic Customer File.

(c) Merit evaluation. (Up to 100 total points) The Agency will conduct a merit evaluation for those applications that are determined to be eligible for the program. The merit evaluation will be conducted by a panel of USDA employees who will convene to reach a consensus on the merit of each eligible application. The merit evaluation will be based on the following criteria:

(1) Experience (Up to 30 points). The Agency will evaluate the Applicant's demonstrated experience in Technical Assistance including Cooperative Development; and effectiveness in accomplishing effective outcomes through the development of Cooperatively and Mutually Owned Businesses. Points will be awarded based on the following:

- (i) Up to 5 points for track record in providing Technical Assistance to promote and assist the development of Cooperatively and Mutually Owned Businesses.**
- (ii) Up to 5 points for ability to facilitate Cooperative Development that results in the establishment of Cooperatively and Mutually Owned Businesses in Rural Areas.**
- (iii) Up to 5 points for ability to facilitate the establishment of New**

Cooperative Approaches in Rural Areas.

- (iv) Up to 5 points for the ability to assist in the retention of businesses in Rural Areas.**
- (v) Up to 5 points for ability to create and/or save jobs that improve economic conditions of Rural Areas.**
- (vi) Up to 5 points for ability to improve other economic conditions in Rural Areas.**

(2) Work plan and budget (Up to 45 points). The Agency will evaluate the Applicant's work plan and budget on its ability to provide a clear, logical, realistic and efficient use of grant and Matching Funds; level of commitment to Underserved and Economically Distressed areas; and Networking with States, Centers and other organizations engaged in Economic Development efforts in Rural Areas. Points will be awarded based on the following:

(i) Work plan and budget detail. Up to 30 points will be awarded as follows:

(A) 0 points will be awarded if the application does not address paragraphs (c)(2)(i)(B) through (E) of this section.

(B) Up to 10 points will be awarded if the application provides a detailed narrative description for each of the specific tasks to be completed.

(C) Up to 10 points will be awarded if the application provides a detailed breakdown of all estimated Project Costs, including Operating Costs, for each task with grant and Matching Funds identified separately.

(D) Up to 5 points will be awarded if the application identifies the Key Personnel associated with each task.

(E) Up to 5 points will be awarded if the application provides specific timeframes for each task.

(ii) Underserved and Economically Distressed. Up to 15 points will be awarded to Applicants whose work plans and budgets demonstrate their commitment to Underserved and Economically Distressed area(s) as defined in the annual notification.

(A) 0 points will be awarded if the application does not identify tasks and a budget commitment to Underserved and Economically Distressed area(s).

(B) Up to 5 points will be awarded if the Applicant identifies the Underserved and Economically Distressed area(s) within their service area.

(C) Up to 10 points will be awarded if the Applicant's budget commitment (grant and Matching Funds) to

Underserved and Economically Distressed areas is:

- (1) Less than 5 percent budget commitment = 2 points**
- (2) 5 percent or greater but less than 10 percent budget commitment = 4 points**
- (3) 10 percent or greater but less than 25 percent budget commitment = 6 points**
- (4) 25 percent or greater but less than 50 percent budget commitment = 8 points**
- (5) 50 percent or more budget commitment = 10 points**

(3) Networking. Up to 10 points will be awarded to Applicants who demonstrate a commitment to Networking and plan to develop multi-organizational and multi-State Cooperative Development approaches.

- (i) Up to 5 points will be awarded if the Applicant describes how it intends to create and share best practices and transferrable strategies with other Centers or organizations engaged in Economic Development.**
- (ii) Up to 5 points will be awarded if the Applicant describes how it will develop joint Technical Assistance, including Cooperative Development, projects and mentor/mentee**

**relationships with other Centers and other organizations
engaged in Economic Development.**

**(4) Qualifications of Key Personnel (Up to 10 points). The Agency
will evaluate if the Key Personnel listed in the work plan and
budget are qualified for their related task(s). Points will be
awarded as follows:**

**(i) 0 points will be awarded if the Applicant does not identify
formal training, skills, and years of experience for any Key
Personnel.**

**(ii) 1 to 5 points will be awarded if the Applicant details the
formal training, skills, and years of experience of some, but
not all of the Key Personnel.**

**(iii) 6 to 10 points will be awarded if the Applicant details the
formal training, skills, and years of experience of all Key
Personnel.**

**(5) Matching Funds commitment. (5 points) Applicants must meet the
Matching Funds requirement to be considered for points.**

**Applicants who meet the 25 percent (5 percent for 1994 Institutions)
Matching Funds requirement will receive 5 points.**

§ [4284.541](#) Application withdrawal.

**During the period between the submission of the application and award
approval, the Applicant must notify the Agency if the Project is no longer viable,**

or the Applicant is no longer requesting financial assistance for the Project.

When the Applicant notifies the Agency, the application will be withdrawn from consideration for funding.

§§ 4284.542–4284.549 [Reserved]

§ [4284.550](#) Award selection.

Applications will be selected for further processing and consideration of an award after the merit evaluation process is completed for all eligible applications. Applications will be ranked solely based on the points awarded, and they will be funded in rank order until available funds are expended. If there is a tie, the Administrator of the Agency will use discretion to break the tie to improve the geographic diversity of Recipients and/or prioritize Projects that advance the Department or Agency’s key priorities, goals, and objectives. If an application cannot be fully funded, the Agency may offer partial funding to the extent funds are available. If an application is ranked and not funded, it will not be carried forward into the next funding competition.

§ [4284.551](#) Notification of successful Applicants.

(a) The Agency will notify the Applicants whose applications can be funded using available funds with a Letter of Conditions. The Letter of Conditions will provide the conditions under which an award can be approved as well as a copy of the term of the award.

State Office staff will issue the Letter of Conditions as soon as is reasonable, typically within 30-60 days after the Agency has identified the Award selections. The

Agency will use its discretion to determine whether the letters must be reviewed by legal staff prior to sending them. The letters will be sent by electronic mail.

(b) Applicant's receiving a Letter of Conditions will have 60 calendar days to meet the conditions of the award. Some awards may be subject to additional conditions, depending on the nature of the Project and the Agency's determination of risk. The following additional forms must be completed by all successful Applicants:

The Agency may, at its discretion, allow additional time for a selected Applicant to meet the conditions of the award, if it receives assurance that the conditions will be met in a timely manner. For example, if a delay beyond the Applicant's control prevents a third-party from providing required documentation, the Agency may choose to extend the deadline for a short period of time, such as one to two weeks, to allow the required documentation to be submitted.

- (1) Form RD 1942-46, "Letter of Intent to Meet Conditions."**
- (2) Form RD 1940-1, "Request for Obligation of Funds."**
- (3) Form RD 400-4, "Assurance Agreement."**
- (4) SF-LLL, "Disclosure of Lobbying Activities," for entities that engage in lobbying activities.**
- (5) Form RD 4280-2, "Rural Business-Cooperative Service Financial Assistance Agreement."**

§ [4284.552](#) Notification of unsuccessful Applicants.

Applicants whose applications are ineligible for financial assistance or did not

score high enough to be funded will be notified as soon as is practicable. The notification will be in writing using an Adverse Decision Letter. This letter will outline the reason(s) for the Agency’s decision and any dispute resolution alternatives available to the Applicant.

The State Office staff will send the Adverse Decision Letters as soon as is reasonable, typically within 30 to 60 days after award selections have been made. The letters will be sent by electronic mail.

§ [4284.553](#) Award approval.

Applicants whose applications are eligible for financial assistance and that score high enough to be funded will have their awards approved by the Agency once the Applicant has met all of the conditions of the award. The approval will be conveyed through the execution of Form RD 4280-2, which is the Financial Assistance Agreement, and provides all terms of the award. Once the award has been approved, the Recipient may begin work on the Project and incur costs.

§ [4284.554](#) Multi-year award.

The Agency may provide a multi-year funding opportunity to previous Recipients. If the Agency provides a multi-year funding opportunity, the application requirements and award process will be included in the annual notification.

§§ 4284.555-4284.559 [Reserved]

§ [4284.560](#) Reporting requirements.

Recipients are required to submit financial reports and performance reports

on a semi-annual basis. A final financial report and performance report must also be submitted within 120 days after the expiration or termination of the grant.

(a) Failure to submit either a financial report or a performance report within the specified timeframes may result in the Agency withholding grant funds.

(b) Recipients must complete the Project in accordance with the terms and conditions specified in the approved work plan and budget, the Financial Assistance Agreement, and the Letter of Conditions.

(c) Recipients must expend funds only for eligible purposes and will be monitored by the Agency for compliance. Recipients must maintain a financial management system and maintain compliance with Federal Cost Principles in accordance with [2 CFR parts 200 through 299](#).

(1) Reporting format and timing. All performance reports must include a discussion on the performance metrics discussed in the application to determine whether the primary goals and objectives proposed in the approved work plan and budget were accomplished during the reporting period. Formatting of financial reports and performance reports, as well as timing for submission of these reports can be found in the Financial Assistance Agreement.

(2) Project outcome performance report. Once the Project is complete, the Recipient must provide the Agency with two annual outcome performance reports. Formatting and submission requirements for this report are included in the Financial Assistance Agreement.

§ [4284.561](#) Monitoring awards.

Awards will be monitored by Agency personnel in accordance with applicable laws, regulations, and policies (see § [4284.508](#) of this subpart for more information). The Agency will designate a contact person for each award. The Agency may terminate or suspend the award for lack of adequate or timely progress, reporting, documentation, or for failure to comply with Agency requirements.

§§ 4284.562-4284.599 [Reserved]

§ [4284.600](#) OMB control number.

The reporting and recordkeeping requirements contained in this subpart have been approved by OMB and have been assigned OMB control number 0570-0006 in accordance with the Paperwork Reduction Act of 1995.