



SURVEY REPORT

REVIEW OF  
THE RESEARCH FOUNDATION OF  
STATE UNIVERSITY OF NEW YORK  
ALBANY, NEW YORK

Catskill Alternative Agriculture:  
A Demonstration Program  
Delhi, New York

Grant No. NY-11023-92-I-302-0406  
August 1, 1992 through March 31, 1994

OIG Report 95-9(H)  
December 21, 1994

I. INTRODUCTION

A. PURPOSE

The purposes of our review were (1) to determine the allowability of the costs claimed under the ARC grant, (2) to determine if grant objectives were met, and (3) to determine the current status of the projects.

B. SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grant. The initial period of performance for Grant No. NY-11023 was August 1, 1992 through January 31, 1994. It was subsequently extended to March 31, 1994. We reviewed the grantee's reports, examined records, and held discussions with grantee officials at the State University College of Technology at Delhi, New York, September 19-20, 1994. As a basis for determining allowable costs and compliance requirements, we used provisions of the grant agreement, Office of Management and Budget (OMB) Circulars A-21 and A-110, and the ARC Code.

C. BACKGROUND

ARC Grant No. NY-11023-92-I-302-0406 (Contract 92-137), was awarded to the Research Foundation of the State University of New York (SUNY) on August 7, 1992. It was for \$77,048 or 49.72 percent of actual, reasonable and eligible project costs, whichever was less. The amount of the grant was subsequently reduced to \$75,198.

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The grant was to enable the grantee to conduct a demonstration program in Delaware and Otsego Counties to provide information and technical assistance to farmers desiring to diversify their products to meet changing market conditions. The project was designed to identify potential farming alternatives and demonstrate innovative production methods. It was to encourage and assist farmers in meeting new market realities through innovation, diversification and adaptation. The project was also to provide for the study and development of methods to market the resulting produce. As a result of the project, local farmers would be introduced to new specialty products with an underserved market niche, including vegetables, herbs, meats and cheeses.

The grantee, the Research Foundation of SUNY, was to serve as the project's fiscal agent and be responsible for all phases of project development and implementation on behalf of the State University College of Technology at Delhi (SUNY Delhi) which was to furnish the project site and be responsible for the bulk of administrative activity and daily program management. In addition, two co-sponsors of the program were to assist with project implementation. The Center for Agricultural Development and Entrepreneurship (CADE) was to provide their network of local farmers and compilations of market data, soil requirements, etc. The Catskill Center for Conservation and Development (Catskill Center) was to provide the marketing component to the project. We understand that this project was a combination of separate projects initially proposed by SUNY Delhi and the Catskill Center which were combined into one at the urging of ARC personnel. Specific tasks required of the grantee were as follows:

Phase I. (Project Start-up)

- 1) The SUNY Research Foundation will receive and administer grant funds.
- 2) SUNY Delhi will recruit a Local Advisory Board that will:
  - a) Conduct preliminary outreach to local farmers, using the network of contacts developed and provided by CADE (as well as individual member's contacts), to furnish the program with publicity and help recruit potential participants and
  - b) Provide advice throughout the program's duration, on how to better meet the needs of the farmers, the community, etc.
- 3) SUNY Delhi will recruit and hire a project coordinator who will work with the project's director and consultant to:

- a) Review demand and price information (currently being compiled by CADE) on various alternative crops;
  - b) Select a minimum of 20 different varieties and techniques for demonstration at the SUNY Delhi college farm; and
  - c) Provide daily management for the project throughout its duration.
- 4) The Catskill Center will:
- a) Review existing regional marketing structures and mechanisms, identifying strengths and obstacles for farmers attempting to sell alternative produce; and
  - b) Design and prepare for implementation a labeling program that will promote Catskill produce.

Phase II. (Implementation)

- 1) SUNY Delhi will:
- a) Grow and demonstrate the selected crops and techniques at the SUNY Delhi farm; and
  - b) Provide continued outreach and appropriate instructions to farmers. This includes the utilization of production data (soil requirements, etc.) and sale-priced information which will be provided by CADE. Field trips will be arranged to other regional sites that are already implementing alternative agriculture (e.g. fish farming).
- 2) The Catskill Center will conduct a marketing component which will:
- a) Implement its labeling program; and
  - b) Operate a pilot marketing program, hold workshops, familiarize farmers with packaging requirements, etc., and provide technical assistance.
- 3) Implementation services are expected to reach 250 farmers.

Phase III. (Follow-up) The project will continue to provide information and technical assistance to farmers, both for marketing and production. As referenced above, of the 250 farmers served, the goal is to have 35 to 40 actually implement one or more alternative techniques within a year.

Phase IV. (Evaluation) Evaluation will be an on-going process. Feedback from participants will be in the form of written questionnaires/evaluations.

Survey. One year after the end of the demonstration, the Project Director and/or Local Advisory Board will conduct a final survey of participants to measure project implementation, client satisfaction, financial ramifications, and other impacts. (The survey is not funded under the grant agreement.)

Wrap-up Conference. Grantee shall conduct a wrap-up conference detailing some of the successes the project has had and offering participants a final overview of other farming alternatives.

At the time of our review, grantee had claimed and been paid \$43,310.83 and \$31,887.17 remained in the grant account.

## II. SURVEY RESULTS

### A. PROJECT EXPENDITURES

At the time of our on-site visit, the grantee's records indicated that project expenses totaled \$158,800. During the visit we determined that some of the costs were questionable primarily due to a lack of supporting documentation. Subsequent to our visit, the grantee obtained additional documentation and reduced claimed costs when documentation was not available. In one instance, they reduced claimed costs in response to a minor expenditure that was determined to be unallowable. The adjusted total of project expenditures claimed by the grantee is \$152,722, and the breakdown is as follows:

	<u>Claimed</u> <u>Costs</u>	<u>Revised</u> <u>Costs</u>	<u>Cost</u> <u>Reduction</u>
ARC Direct	\$74,887	\$ 74,874	\$ 13
In-Kind	21,027	14,962	6,065
Local Cash:			
Catskill Center	37,650	37,650	
Proj. Coordinator	19,135	19,135	
Proj. Director	2,399	2,399	
Proj. Co-director	2,399	2,399	
Fringes	<u>1,303</u>	<u>1,303</u>	
Totals	\$158,800	\$152,722	\$ 6,078

### Grant Expenditures

Revised direct expenses totaling \$74,874 (49 percent of total project expenditures) included a contract with the Catskill Center for \$37,425. We were unable to evaluate expenditures related to the Catskill Center contract because most of the data they submitted to the grantee was in summary form, however, we reviewed documentation for the rest of the direct expenses and no exceptions were noted.

### In-Kind Match

Revised in-kind expenditures totaled \$14,962 and included costs of \$4,853 for greenhouse and office space and farm usage. Computations for those costs included a monthly amount the grantee believes to be reasonable for their area, but documentation as to the basis for that determination was not available.

### Local Match

We were unable to evaluate matching costs of \$37,650 to be provided by the Catskill Center because the data they submitted to the grantee was mostly in summary form. We reviewed other local matching costs totaling \$23,236 and no exceptions were noted.

**Recommendation:** We recommend that the grantee establish and maintain records documenting the reasonableness of such costs as greenhouse, office space and farm usage and obtain more detailed cost data from contractors if additional ARC grants are received.

## B. PROJECT RESULTS


The grant agreement indicated that the grantee would attempt to reach 250 farmers in the implementation phase of the project and that their goal was to have 35 to 40 actually implement one or more alternative techniques within a year. The grantee's project director estimated they reached 250 farmers but believes that only 5 or 6 of them tried any of the alternative techniques.

At the time of our visit, data was being gathered for the final report and more complete information was expected to be available in the report. We requested that the grantee include the numbers of farmers reached and the numbers who tried the alternative techniques as well as the positive and negative aspects of the project.

We understand that the grant was originally two separate proposals submitted by two different entities that were combined at the urging of ARC staff. The grantee had two co-sponsors and one of them dropped out due to philosophical differences with the other, however, the grantee's project director indicated that all of the required grant work was accomplished. He also indicated that the

project required more oversight than originally anticipated due to the problems with the two co-sponsors.

**Recommendation:** We recommend that the grantee complete and submit the required final expenditure and progress reports to ARC as soon as possible and provide ARC with results of the survey intended to be conducted one year after the end of the program.

  
Hubert N. Sparks  
Inspector General