



Department of
Cannabis Control
CALIFORNIA

Cannabis Academic Research Grants

Request for Proposals
October 2022



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I. Funding Opportunity

The Department of Cannabis Control (DCC) is soliciting proposals from public universities in California for research projects that study the implementation and effects of cannabis legalization. Through this RFP, DCC seeks to expand academic knowledge of cannabis; gain insight into how government policy decisions impact individuals, communities and equity; and support government officials in fact-based policymaking.

Available funding: \$20 million total; up to \$2 million per project

Funding term: 2 years

Question submission deadline: October 14, 2022

Application deadline: November 30, 2022

Eligible Applicants: California public universities (University of California or California State University)

California was the first state in the nation to allow medical cannabis use, and the fifth to allow adult (recreational) use of cannabis. As of July 2022, 37 states allow medical-use, and 19 states allow adult-use of cannabis. Despite these changes in state policy, cannabis remains classified federally as a Schedule 1 Controlled Substance, limiting research opportunities and our collective understanding of cannabis and its effects.

Proposition 64, the ballot initiative passed in 2016, legalized cannabis for adults ages 21 and older, decriminalized personal possession of cannabis, and began redressing the harms of cannabis prohibition on individuals and communities, including through expungements of certain cannabis-related convictions. Proposition 64 also established cannabis-specific taxes and allocated a portion of these revenues to public health, environmental, criminal justice and research initiatives. \$10 million is designated annually for California public universities to research and evaluate impacts of cannabis legalization.

In 2020, the Bureau of Cannabis Control awarded nearly \$30,000,000 for 34 research projects. Learn more about previously-funded projects:
<https://cannabis.ca.gov/about-us/scientific-research/>.

In this round of grant funding, DCC will award up to \$20 million to California public universities.

Eligible Research Topics



DCC is prioritizing the funding of certain research topics that advance California's understanding of cannabis, address research gaps and inform policymakers.

The prioritized topics would examine the health of the cannabis industry, California's legacy genetics, cannabinoids and potency, monopolies and unfair competition, and medicinal use of cannabis. These topics support areas of key importance for ensuring a balanced and successful implementation of cannabis legalization – from economic vitality to public health to preservation of the state's cannabis heritage.

These priority research topics were developed in consultation with other state agencies and were selected to support and advance the understanding of the implementation of Proposition 64 (as required by Revenue and Taxation Code), impacts of subsequent policy changes, and identified emerging policy deficits.

While research project proposals that address all or a portion of a priority research topic will be prioritized for funding, DCC will also consider research proposals that address other topics that further public understanding of the effects of cannabis legalization.

It is the Department's hope that the research resulting from these grants will advance the body of scientific knowledge about cannabis and prove beneficial not only to California policymakers, but also to those across the nation and world.

Priority Research Topics

I. Cannabis Potency

The Department of Cannabis Control is seeking research proposals to understand and evaluate how varying cannabinoid content in cannabis affects physical, mental and behavioral health. Research topics of interest include, but are not limited to:

1. **Evaluation of cannabinoids:** Research that evaluates common and novel cannabinoids to determine whether the cannabinoid is intoxicating, whether and how the method of use or consumption influences the intoxicating effect, and clinically-significant thresholds for defining high and low concentration (particularly for THC).
2. **Cannabinoid concentration and health effects:** Research that examines the relationship between cannabinoid concentration (particularly THC) and health effects. Studies examining short-term effects and/or long-term effects will be considered. Research must consider, at a minimum:
 - a. Type of cannabinoid
 - b. Amount used
 - c. Frequency of use



- d. Method of consumption
- e. Age of initiation and use

Studies should examine both beneficial and harmful health effects, including on cognition, memory, anxiety, depression and other physical, mental and behavioral components of health. Research proposals must consider how to distinguish associations, correlations and causations, where appropriate, including how to clearly convey those findings in research reports to support public understanding.

3. **Drivers of change:** Research that evaluates the efficacy of policy and/or economic models as a means to drive behavioral and consumption changes that would improve public health. This may include, but is not limited to, efficacy of limiting or capping potency in products, advertising restrictions, or tiered taxation. Research must consider how such policy changes would affect consumer switching to or from the illicit market, if at all, and include evidence of historical implementation of such policies in non-cannabis markets.
4. **Cannabinoid interactions:** Research that examines the mechanism of interaction between various THC and CBD ratios, how the ratio of THC to CBD affects intoxication and health effects, and whether the certain ratios of THC and CBD (or an entourage effect including other cannabinoids) may attenuate adverse effects, including for higher-potency products.

Researchers are encouraged to consider study designs that will provide the strongest possible evidence, including experimental and observational studies using human subjects or animal (in vivo) research models, as appropriate, and may request additional time for the project term, up to five years, where justified by study design. Research proposals relying on existing studies should consider how the quality of cannabis used in the studies compares to cannabis sold in California's legal marketplace, particularly whether the cannabis would meet the state's testing requirements, and how any disparities may affect study conclusions.

II. Health of the Cannabis Industry

The Department of Cannabis Control is seeking a research team to assess the condition and health of the cannabis industry in California through July 1, 2024, as required by Revenue and Taxation Code section 34020.1.

The research proposal must include all the following:

- Information or analysis concerning the potential expansion or contraction of the cannabis market in the state, which may include information concerning any increase in retail cannabis sales and activity in the illicit market.
- Information on the viability of cannabis businesses in the state, and the ability to continue to operate cannabis businesses in the state, from a general and equity licensee standpoint.
- The impacts of the suspension of the cultivation tax imposed by paragraph (2) or subdivision (a) of Section 34012, including whether that suspension resulted



in a decrease in retail cannabis prices or increased participation in the legal cannabis market.

The research must contextualize information about the cannabis market by providing modern-day and/or historical comparisons to similar indicators and situations in other markets. The comparisons may also include examination of the mechanisms used by states to provide support to businesses in these similar markets and their effectiveness.

The research report must include recommendations for how to define and measure success within California's cannabis market, including data that may be used to monitor the ongoing health of the market. Recommendations to strengthen the state's legal cannabis market may also be included.

III. Monopolies and Unfair Competition

The Department of Cannabis Control is seeking research proposals that identify state, local or business policies and practices that may have any of the following effects in California's legal cannabis market:

- Contribute to or encourage unfair competition or the formation of monopolies
- Create unreasonable restraints on competition
- Otherwise enable the creation of monopolistic power

The research should also include recommendations related to possible policies that would support reasonable competition, reduce anti-competitive behavior, uphold the ability of small businesses to compete in the legal market, or prevent the creation of monopolies within the California market.

IV. California Legacy Genetics & Genetic Sequencing

The Department of Cannabis Control is seeking research proposals that will identify and preserve the history, value and diversity of California legacy cannabis cultivars and the rich experience of its legacy cultivation community, and enable, enhance and guide the understanding and application of cannabis genetics to the greater body of research and science-based public policy development.

Research should consider both quantitative and qualitative data related to California cultivars, varieties or strains, including but not limited to:

- Genomic sequencing of plant strains
- Chemical profiling for cannabinoids, terpenes and other phytochemicals of importance
- Physical characteristic profiling, including growing environments and methodologies where applicable
- Social and genetic history
- The narrative history and stories of the individual(s) associated with the creation and preservation of cannabis genetics in California



Research proposals must include:

- An outreach and engagement plan that is culturally sensitive
- A method by which breeders may protect the intellectual property of each cultivar

Further, research proposals should strive to make data available for access by researchers, policy makers and the public through the creation of resources such as a publicly accessible cannabis database or utilization of existing scientific or botanical databases, and review how the prohibition and criminalization of cannabis cultivation impacted the overall findings of the research, including but not limited to the diversity of cultivars and breeders.

V. Medicinal Use of Cannabis

The Department of Cannabis Control is seeking research proposals that survey medicinal use of cannabis by qualified patients in California to support policy making that supports and ensures the maintenance of patient access to needed types and quantities of cannabis and cannabis products. The research scope should include the following:

- Quantification of the number of medicinal cannabis patients statewide
- A survey of the ailments for which cannabis and cannabis products are used
- Examination of the types and quantities of cannabis and cannabis products used, including cannabinoid content and combinations, and the ailment it is used for
- Examination of mechanisms by which medicinal patients currently obtain cannabis, including whether by physical retail storefront or delivery services, and whether through legal or illicit/informal sources

Research may include recommendations for strengthening patient access to legal, medicinal cannabis products and for preserving California's first-in-the-national medicinal cannabis market.

Eligible Applicants

Grant funds are available only to public universities in California. An applicant must submit a complete application in order to be eligible. A public university may submit more than one application if the applications are for separate and distinct research projects.

Funding and Project Duration

Research proposals **should not exceed \$2 million**, and projects should be **completed within two years**. DCC will consider requests for increased funding or duration, where justified by the project scope, such as resource-intensive projects or for longitudinal studies.



Timeline

Event	Date (Dates are tentative and may be modified)
Request for Proposals Published	October 5, 2022
Questions Due <ul style="list-style-type: none">Grant applicants or interested parties may submit questions by 11:59 p.m. on this date.Questions must be submitted by email to grants@cannabis.ca.gov.	October 14, 2022
Questions and Answers Posted <ul style="list-style-type: none">DCC will post answers to questions submitted during the Questions and Answers Period.	October 31, 2022
Application Submission Period Opens	November 1, 2022
Last Day to Submit Applications <ul style="list-style-type: none">Applications may be submitted at any time prior to this date.Grant applicants must submit applications by 11:59 p.m. on this date.Technical assistance will be available until 4:00 p.m. on this date.	November 30, 2022
Grant Award Notification	Early February 2023

Questions and Answers Process

Questions regarding the grant application and requirements must be emailed to grants@cannabis.ca.gov no later than October 14, 2022, at 11:59 p.m.

Answers to questions received by the deadline will be published on DCC's Grant Funding webpage on October 31, 2022. DCC may group similar or related questions or reword questions for clarity. It is the inquirer's responsibility to check the webpage for the latest information; individual responses will not be sent.

II. Application Process

Grants will be awarded through a competitive application process. To be considered for funding, researchers must submit a complete application, which includes:



- Application Cover Sheet (DCC-2617)
- Scope of Work (Attachment A – DCC-2618)
- Deliverables and Data Usage (Attachment B – DCC-2619)
- Key Personnel (Attachment C – DCC-2620)
- Budget (Attachment D – DCC-2621)
- Institutional Cover Letter, signed by the University's Authorized Official

Application Components

The required RFP application forms utilize content from the California Model Agreement (CMA). View the [CMA Guide](#) for additional background information and guidance on the form content requested in the grant application attachments.

Application Cover Sheet (DCC-2617)

The Application Cover Sheet provides a high-level description of the project, including an explanation of how the project would advance knowledge of cannabis or the impacts of legalization.

If the proposed project would require more than \$2 million in funding or last more than 2 years, the applicant must include a narrative justification for increased funding or project term. This justification must explain why the additional time/money is necessary and why the project would not be feasible otherwise.

Attachment A: Scope of Work (DCC-2618)

The Scope of Work is a detailed narrative that describes the proposed research project, methodology, timeline and metrics for success. The Scope of Work is a **maximum of 4 pages**, using no smaller than 12-point font.

The Scope of Work must include:

- Description of Research Project – A detailed description of the proposed project, including the specific objectives of the research and the anticipated project outcomes.
- Methodology – A detailed description of the work to be performed, including how data will be collected, analyzed, interpreted and delivered. If subcontractors will be used, identify the subcontractor and describe which work components they will perform.
- Use of Cannabis – Indicate whether cannabis will be used in the research project, and if so, how it will be acquired.
- Considerations and Benchmarks for Success – A discussion of potential challenges, alternative strategies, and benchmarks for success anticipated to achieve the goals and objectives.



- Timeline – An expected timeline for each phase of the project.

Attachment B: Deliverables and Data Usage (DCC-2619)

List all items that will be delivered to DCC under the proposed Scope of Work. At a minimum, this must include:

- Progress Reports – Due by January 30 and July 30 through the duration of the project term.
- Close-Out Report – Due at the conclusion of the project term or upon close out.
- Submission of Draft Research Manuscript – Due at least 30 days prior to the intended publication of the research manuscript, as provided in the CMA.
- Published Research Manuscript – Submitted to DCC upon publication
- Anticipated Publications (if known)

The applicant must identify if use of any deliverable is restricted or anticipated to contain preexisting Intellectual Property with any restricted use.

Attachment C: Key Personnel (DCC-2620)

List all key personnel, including the Principal Investigator and other individuals who will contribute to the scientific development or execution of the project in a substantive, measurable way. Include each person's name, institutional affiliation, role on the proposed project, and a brief summary of related research experience including on cannabis or topics relevant to the proposed project. Attach a CV/resume for each person listed.

List the current/pending support information for each identified key personnel, including status, award number, source, project title, and start and end dates.

Attachment D: Budget (DCC-2621)

Include the composite budget for the proposed research project summarizing the total projected research costs, budget justifications detailing anticipated expenses in each budget category, and a brief narrative summarizing the applicant's approach to project expenditures.

Complete a separate copy of Attachment D's composite budget and budget justifications for each subcontractor.

Indirect costs must be calculated as provided in the California Model Agreement.

Grant funds cannot be used for:



- Costs incurred outside the grant term, including prior to execution of the Grant Agreement.
- Acquisitions where the purchase price is greater than the appraised value.
- Travel prohibited under an Executive Order in effect during the project term.

Out-of-state trips must comply with [Assembly Bill 1887 \(2016\)](#), which restricts use of state funds for travel to states that have discriminatory laws.

Institutional Cover Letter

Applicants must include a cover sheet to demonstrate approval by the University's authorized official for the proposed research. The cover sheet may use the [template](#) provided through the CMA or be on university letterhead, containing similar information.

Application Submission Process

Applications must be submitted to grants@cannabis.ca.gov by 11:59 p.m. on November 30, 2022. Applicants must use the form templates provided by DCC.

Applicants may modify their application by withdrawing their application and submitting a new application. The withdrawal request must be submitted by the applicant and emailed to grants@cannabis.ca.gov. The new application must be received **before** the application deadline to be considered.

The applicant is responsible for all costs associated with developing the application or incurred in anticipation of award or the agreement. DCC is not responsible for any errors or defects in the application submitted.

III. Selection Process

Application Review

Applications received by the deadline will be reviewed for eligibility, project readiness, and the merit of the research concept. DCC may request clarification or supplemental information from the applicant, as needed, to inform reviewers.

Eligibility Review

Submitted proposals will first be screened for eligibility and completeness. Proposals from ineligible applicants, including from applicants who are not public universities, or which are incomplete will be disqualified.

Eligibility and completeness criteria:



- The applicant is a public university in California.
- The application was received by the deadline, is complete and meets grant requirements.
- The application utilizes the forms provided by DCC.
- The project would cost no more than \$2 million and last no more than 2 years, or justification for additional cost/time is included.

Concept and Readiness Review

Eligible applications will be evaluated for merit of the research concept, the project team's qualifications, and the proposed approach. Additional weight will be given to projects that address priority research topics outlined in this RFP, are collaborations between multiple California public universities, or would otherwise significantly aid policymakers in understanding cannabis legalization's impacts or approaches to thoughtful regulation.

Concept and Readiness Criteria:

- Research concept
 - The proposed research concept is clearly articulated and fits the purpose and objectives of the Cannabis Academic Research Grant program.
 - Knowledge resulting from the proposed research would address gaps in current knowledge of cannabis and inform policymakers.
 - The proposed research concept has not previously received grant funding or will further expand knowledge and understanding of a previously-funded or ongoing research project.
- Project approach and rationale
 - The project has clear goals, objectives and measures for success.
 - The project is feasible within the proposed budget and timeframe.
 - The research design upholds scientific integrity, including a robust and unbiased approach to experimental design and methods.
- Project and institutional readiness
 - The project timeline is sufficiently detailed to demonstrate how data collection or other research will be conducted and includes milestones and deliverables.
 - Personnel are qualified and have sufficient time available to undertake the research project.
- Budget and budget narrative



- Budget information is complete, the total spending of each line item equals the overall project budget, and meets RFP and CMA guidelines for expenditures.
- The budget justification articulates a clear rationale for each expenditure.
- The applicant has articulated a clear approach to expenditure of funds, and the budget aligns with the project concept.

Notification of Grant Award

DCC will notify applicants selected for grant funding in early February 2023.

IV. Post-Award Agreements

Terms and Conditions

Applicants whose proposals are selected and approved for grant funding must enter into a Grant Agreement with DCC prior to disbursement of funds or initiation of the project. The Grant Agreement will utilize the CMA, a set of standard contract terms and exhibits used for state-funded research provided by the State of California to the University of California and California State University.

The Grant Agreement includes terms and conditions relevant to the receipt and use of grant funding, including prior approval requirements, expenditures, and budget flexibility. Terms and conditions of the Cannabis Academic Research Grant are those specified in CMA, except as specified in Appendix A of this RFP. Information submitted in the grant application will become part of the final Grant Agreement.

Fund Disbursement

Funds will be distributed to the university through the State Controller's Office after execution of the Grant Agreement. Recipients will receive a single disbursement of grant funds.

Eligible program expenditures may start upon final execution of the Grant Agreement. Grant funds can only be expended for activities listed in the research proposal and included in the Grant Agreement. Grant expenditures cannot exceed the total funding amount approved by DCC. Grant funds not expended prior to the end of the project term are forfeited and must be returned to DCC.

Record Keeping and Audit Requirements



The grantee must be able to demonstrate to the satisfaction of the Department that the grant funds were expended for eligible uses and in a manner consistent with the activities identified in the Grant Agreement. Records must be maintained for a minimum of seven years after the grant term date or final payment of any grant funds, whichever is later.

Failure to adhere to documentation and reporting requirements may result in termination of the Grant Agreement, recapture of distributed funds or reimbursement of expended funds to DCC.

Contract Amendments

Requests to amend the Grant Agreement, including elements of the project plan, must be submitted by the Grantee in writing to grants@cannabis.ca.gov using the Grant Amendment Form (DCC-2607). Requests must include revised CMA Exhibits and an explanation of reason for the requested change.

Reporting and Deliverables

Progress Reports

The grantee must provide progress reports to DCC every six months during the project term, until its completion. Progress reports are due by January 30 and July 30. Progress reports must be submitted using the Progress Report Form (DCC-2622) and include:

- A summary of the status of the project and plans for the next 6-month period of the grant.
- Accomplishments towards the goal of the project, including a description of any measurable outcomes, results achieved or completed objectives.
- A summary of budget expenditures to date and, if the remaining expenditures will deviate from the timeline in the application, and an updated timeline for the remaining expenditures.
- Any changes to information provided in the proposal, including if there are any planned changes to the timeline or staff involvement for which an amendment request will be submitted.

Close-out Report

At the conclusion of the Grant Agreement, the grantee must follow the close out process established in the CMA. A close-out report must be submitted at the conclusion of the grant, as part of the grant closeout process. The close-out report must contain:



- A final summary of the research project, which must include:
 - A brief, narrative summary of project outcomes
 - Activities completed during the project term
- An overall assessment of the research project, including any additional context for research finding, data that was not included in the final report, and any caveats related to research findings
- A discussion of challenges experienced in performance of research and how these challenges were resolved
- Any recommendations for further research related to the topic
- An itemized list of all project expenditures
- A list of all data generated using grant funds with notations of any disclosure restrictions

Research Manuscript

The grantee must publish a peer-reviewed research manuscript at the end of the grant term. Manuscripts must be submitted to DCC for review prior to publication, as specified in the CMA. The research manuscript must include, at minimum:

- The scope of the research project
- Findings of the research
- A detailed explanation of methodology and analyses used
- Substantiating evidence for conclusions

Public Access Policy

Accelerating the pace of scientific discovery and understanding of cannabis requires both investment in research and swift public access to findings. In support of this principle, research findings must be published on a website that is free and accessible to all members of the public at the time the peer-reviewed manuscript is published.

Publications

All publications, presentations and other public releases resulting from work performed under the Grant Agreement must be submitted to DCC for review prior to publication, pursuant to the CMA. The grantee must also notify DCC as the publications or public releases occur.

All publications, presentations and other public releases must acknowledge the funding source: California Department of Cannabis Control, Cannabis Tax Fund.



Appendix A. Grant Agreement: Changes to California Model Agreement

The following deviations from the CMA will be included as part of Exhibit G in the final Grant Agreement:

Changes to Exhibit B:

Template Exhibit B-3, Invoice and Detailed Transaction Ledger Elements, is not applicable.

Changes to Exhibit C. University Terms and Conditions (UTC):

UTC Section 4. Liability

Subsection D. The following language is added:

D. Under no circumstances will the State, its agents or employees, be liable to the Grantee for any direct, indirect, incidental, special or consequential damages that arise from this agreement.

UTC Section 7, Termination.

Subsection A is replaced in its entirety with the following:

A. The State's Authorized Official may terminate this Agreement with or without cause upon thirty (30) calendar days written notice to the University. Upon receipt of the State's notice of termination, the University shall take reasonable efforts to limit or terminate all financial commitments and will not incur new obligations under this Agreement and University will return to the State any unspent, unobligated funds (but not costs incurred due to non-cancellable obligations).

Subdivision D is replaced in its entirety with the following:

D. In the case of early termination, the University will submit, within ninety (90) days of the termination date, a Close-out Report as defined in Exhibit A1 - Deliverables describing expenses incurred up to the termination date. Any Deliverable as described in this Agreement, that is fully or partially completed up to the termination date (work product), will be provided to the State.

Subdivision E is removed in its entirety.

Subdivision F is renumbered to Subdivision E.

Subdivision G is renumbered to Subdivision F and is replaced in its entirety with the following:

F. Pursuant to a Governor’s Executive Order or equivalent directive, such as a court order or an order from a federal or state regulatory agency, the State may issue a Suspension Notice. The Notice must identify the specific Executive Order or directive and the Agreement number(s) subject to suspension. Work charged to the State must stop immediately upon receipt of the Notice.

Subdivision H is renumbered to Subdivision G.

Subdivision H is added as follows:

H. Regardless of whether this Agreement terminates prematurely or expires upon its end date as noted on STD-213, and pursuant to 16 CCR 42 §5903(d), any funds that are not used prior to the completion of the research project and within the Term of this Agreement shall be forfeited and promptly returned to the State.

UTC Section 8. Confidential Information.

Subsection D is amended to substitute “five (5) years” and “five year” with “seven (7) years” and “seven year” when referenced to be consistent with the Audit records retention requirements.

UTC Section 11. Subawards.

Subsection A. The following is added:

Subawardees not included within the initial proposal must be added pursuant to the amendment process. Prior to entering into any Subaward hereunder, University shall provide a copy of the draft Subaward to the State for review. State objections may be founded upon (i) incomplete or improper flow down of applicable terms to subawardee, (ii) unknown subawardee not named in the applicable proposal, or (iii) prior violations of a DCC grant agreement.

UTC Section 12. Budget Contingency

This section is replaced in its entirety with the following:

This Agreement is valid and enforceable only if sufficient funds are made available to the State from the California Cannabis Tax Fund disbursed by the Controller pursuant to California Revenue and Tax Code section 34019(b). University agrees that the State’s obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed from the Controller. If there is insufficient funding, the State shall have the option to either:



- A. Terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or
- B. Negotiate an Agreement amendment with University to reduce the Grant Award and modify the Scope of Work to be provided under this Agreement.

UTC Section 14. Payment & Invoicing

This section is replaced in its entirety with the following:

- 14. Single Disbursement of Funds, Budget, and Supporting Documentation
 - A. As consideration for the total amount of funds disbursed under this Agreement, which shall not exceed the total amount listed on the STD 213, University agrees to perform the work described in the Scope of Work (Exhibit A) and provide the Deliverables (Exhibit A1). State shall disburse the funding amount listed on STD 213 in a single payment to university upon execution of this Agreement. Fund disbursement will occur as a one-time lump sum payment, rather than by reimbursement of expenses.
 - B. Costs for this Agreement shall be computed in accordance with the Generally Accepted Accounting Principles (GAAP).
 - C. University shall adhere to the line-item budget as provided in Exhibit B, with adjustments permitted only as authorized in Article 15, below. University shall not expend funds on costs incurred prior to this Agreement or after the end of the Agreement term. Further, University shall not expend funds on (i) establishing a reserve fund, (ii) the purchase of land, or (iii) travel costs for any presentation on project findings or results.
 - D. University must retain supporting documentation that substantiates actual costs and shall be available for review by the State upon request. Supporting documentation may include, but is not limited to, time reports and/or calendar entries. University will maintain financial documentation in accordance with Section 16, Audit.
 - E. Indirect Costs shall be calculated in accordance with the University budgeted indirect costs in Exhibit B, Budget. Subject to Exhibit D, the rate in effect for the first year of a multi-year project will be the rate used for the entire project. If additional funds (not previously appropriated or budgeted) are awarded, the proposed budget for these additional funds may include a different indirect cost rate as mutually agreed between the parties.

UTC Section 15. Prior Approval Requirements and Budget Flexibility.

New Paragraph (8) is added to Subsection A:



(8) Any change to the approved budget not specified in provision B. Budget Flexibility.

Subsection B is replaced in its entirety with the following:

B. Budget Flexibility

The University may make the following budget adjustments during the term of this Agreement without prior approval of the State:

- 1) Up to 10% of the award amount or \$10,000, whichever is less, may be transferred between approved Budget cost categories.
- 2) Notwithstanding 15.B.1, any amount of budgeted travel costs may be transferred to another approved Budget cost category.
- 3) Notwithstanding 15.B.1, any amount of budgeted publication costs may be transferred to another approved Budget cost category.
- 4) The University shall report the amount transferred and the category to which it was transferred in the next progress report.
- 5) Budget transfers that would cause any portion of the funds to be used for purposes other than those consistent with the original intent of this Agreement are not allowed.
- 6) Budget transfers that would result in the need for additional funding above the total awarded amount are not allowed.

Subsection D is added as follows:

D. The University shall immediately notify the State in writing upon receipt of any litigation or imminent threat of litigation directly related to the PI's use of this funding to perform the Scope of Work.

UTC Section 16. Audit

This section is replaced in its entirety with the following:

The University agrees that the awarding State agency, the Department of General Services, the California State Auditor, or their designated representative shall have the right to audit and/or review and copy any records and supporting documentation pertaining to the performance of this Agreement. Pursuant to 16 CCR 42 §5905, University shall retain all research and financial data necessary to substantiate the purposes for which the funds were spent for the duration of the funding, and for a period of seven (7) years after completion of the research project. University shall provide such documentation to the State upon request. If any litigation, claim, or audit begins prior to the expiration of the retention period, the records shall be retained until all litigation, claims or audit findings involving the records have



been resolved and final action taken. University agrees to refund to the State any amounts claimed for reimbursement and paid to University which are later disallowed by the State after audit or inspection of records.

UTC Section 17. Right to Publish.

Subsection A is renumbered to A(1)

Subsection A(2) is added as follows:

Prior to publishing any Data, University agrees that any Confidential Information including Preexisting Data provided by State to University shall be de-identified such that the remaining information does not identify a “person” and there is no reasonable basis to believe that the information can be used to identify a “person” as defined in Civil Code section 1798.3(f).

The following language is added to Subsection B:

Notification of publication and opportunity for review shall be for the entirety of the grant term and a period of 7 years after the conclusion of the grant term.

Subsections C(1) and C(2) are replaced in their entirety with the following:

- 1) Any publications shall contain the following acknowledgment and disclaimer: “This project was funded by the California Department of Cannabis Control using monies collected through the California Cannabis Tax Fund. Any opinions, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the official views or policies of the State of California.”
- 2) Authors must include in any publication their research limitations, delimitations and assumptions, e.g., study design, replication potential, shortcomings in data collection and questionnaire design, insufficient subgroups or data for robust statistical analysis, narrow time span for data collection, lack of consideration for seasonal differences and missing data, causal relationships, measurement errors, study setting, population or sample, ethical parameters, data collection/analysis, result interpretations and corresponding conclusions.

Subsection (D). Terms and Conditions Required for State-Funded Research Grants.



The following is added:

The California Taxpayer Access to Publicly Funded Research Act (at California Government Code §13989.6(e)) states that “Grantees are authorized to use grant money for publication costs, including fees charged by a publisher for color and page charges, or fees for digital distribution.” University agrees that for purposes of this Agreement, the University is only authorized to use funds under this Agreement for these purposes if the expenses are included in the Agreement’s Budget, are incurred during the Agreement term, and advance written approval is given by State for the specific publication. Execution of this Agreement shall not be deemed to satisfy such advance written approval requirement.

Subsection D(2) is replaced in its entirety with the following:

2) For a peer-reviewed manuscript accepted for publication, the University shall ensure that the peer-reviewed manuscript be available concurrently with the official date of publication on a publicly accessible repository approved by the State, including but not limited to:

(a) CSU ScholarWorks at the Systemwide Digital Library (<http://www.calstate.edu/library/>), or

(b) UC California Digital Library (<https://www.cdlib.org/>), or

(c) PubMed Central (<https://www.ncbi.nlm.nih.gov/pmc/>).

UTC Section 20. Use of Name and Publicity.

The following is added:

Any such press release by University shall be approved by the State in writing prior to release. State approval shall not be unreasonably withheld.

UTC Section 22. Notices.

The following is added:

University agrees to immediately inform the State of any changes to the name, address, phone number, and email of its contact person. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to the State shall be emailed to grants@cannabis.ca.gov.

UTC Section 24. Force Majeure

This section is replaced in its entirety with the following:



Neither Party shall be liable to the other for any delay in or failure of performance, nor shall any such delay in or failure of performance constitute default, if such delay or failure is caused by “Force Majeure.” As used in this section, “Force Majeure” is defined as follows: any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond the Party’s control which would excuse Party’s performance as a matter of law.

A. Time Extension. If by reason of force majeure Party’s performance hereunder is delayed or prevented, then the performance by Party may be extended for the amount of time of such delay or prevention.

B. Notice of Force Majeure. Party(ies) agree to provide the written notice of an event of force majeure under this Agreement within ten (10) days of the commencement of such event and within ten (10) days after the termination of such event, unless the force majeure prohibits Party(ies) from reasonably giving notice within this period. Party(ies) will give such notice at the earliest possible time following the event of force majeure.

UTC Section 28. Entire Agreement

This section is replaced in its entirety with the following:

Integration. This Agreement (including the exhibits hereto and any documents explicitly incorporated by reference, and any written amendments hereof executed by the Parties) constitutes the entire Agreement between the Parties related to this grant award and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the grant award described herein.

The following sections are added:

30. **Authority.** This Agreement is authorized and entered into pursuant to the Revenue and Taxation Code section 34019(b).

31. **Grant Term.** The performance period of this Agreement shall be as specified upon execution of this Agreement. Grant funds shall be expended only during the Grant Term.

32. **Grant Award.** Based on the State’s review of the application pursuant to the RFP and conditioned upon the requirements set forth in this Agreement, the State shall provide University a grant award amount as specified in the Grant Award Notification for the term of this Agreement. In no event shall the State be obligated to pay any amount in excess of the awarded amount. University waives any and all claims against the State



and the State of California for any costs that exceed the grant award amount identified in the Grant Award Notification.

33. **Assignment.** This Agreement is not assignable by University, either in whole or in part, without the consent of the State in the form of a written amendment.

34. **University Representations, Warranties and Assurances.** University represents, warrants and makes the following assurances that:

- A. University is an eligible applicant as set forth in the RFP.
- B. University is not a party to any agreement, written or oral, creating obligations that would prevent it from entering into this Agreement or satisfying the terms herein.
- C. All of the information in its grant application and all materials submitted to the State are true and accurate.
- D. University's governing body has authorized the University to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of University.
- E. University agrees to administer this Agreement and require any Subawardees to administer their Subaward in accordance with this Agreement, and with all applicable local, State, and federal laws and regulations including, but not limited to, discrimination, wages and hours of employment, occupational safety, and to fire, safety, health, and sanitation regulations, directives, guidelines, and/or manuals related to this Agreement and resolve all issues using good administrative practices and sound judgment.

The University and its Subawardees shall keep in effect all licenses, permits, notices, and certificates that are required by law.

The University agrees to make reasonable efforts to ensure that all Subawardees/Vendors are properly licensed, certified, or have valid permits for the services being provided.

35. **Union Activities.** University acknowledges that Government Code Section 16645.2 applies to this Agreement. Pursuant to Government Code Section 16645.2, University certifies that none of the grant award will be used to assist, promote, or deter union organizing. If University makes expenditures to assist, promote, or deter union organizing, it shall maintain records sufficient to show that no portion of the grant award was used for those expenditures. University shall provide those records to the Attorney General upon request.



36. **Ambiguities.** Each Party has had the opportunity to seek the advice of counsel or has refused to seek the advice of counsel. Each Party and its counsel, if appropriate, have participated fully in the negotiation, drafting, review, and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

37. **Necessary Acts and Further Assurances.** The Parties shall at their own cost and expense execute and deliver any further documents and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

38. **Sections and Other Headings.** The section and other headings contained in the Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

39. **Executive Order N-6-22.** On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine University is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide University advance written notice of such termination, allowing University at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.



Appendix B. Grant Agreement: Additions to Exhibit E – Special Considerations for Security of Confidential Information

The following conditions will be included as part of Exhibit E in the final Grant Agreement:

- A. **General Compliance:** The Contractor must operate in accordance with California state and federal laws, and all other applicable laws, regulations and rules, as well as best industry practices, related to the protection of information assets and the timely and efficient management of security incidents, including corrective action. Each Party shall retain and provide the other with a copy of the compliance documentation, which include signed confidentiality statements, training certifications, and other documentation necessary to demonstrate compliance with this provision upon a Party's written request.
- B. **Security and Privacy Training:** Each Party shall ensure that any person authorized to access Confidential Information shall have completed information security and privacy training within the past 12 months that has been approved by the Party's own Information Security Officer. Upon request, such training may be audited by the other Party and any reasonable recommendations resulting from such audit will be incorporated into future training sessions.
- C. **Data Security:** Each Party and its Subawardees and Vendors who possess Confidential Information shall exercise and implement prudent security precautions, including any that are reasonably requested by the other Party's Information Security Officer in order to prevent unauthorized use, access, modification or disclosure/re-disclosure of any Confidential Information. Such security precautions shall include, at a minimum:
- Compliance with the International Organization for Standardization and International Electrotechnical Commission (ISO/IEC) 27001, ISO/IEC 27002, and, if applicable, the California Information Practices Act of 1977 (IPA). Additionally, all sensitive and confidential electronic Data in transit and Data at rest, must at a minimum be encrypted in compliance with Federal Information Processing Standards Publication (FIPS) 140-2 Security Requirements for Cryptographic Modules and meet appropriate levels of security (confidentiality, integrity and availability).
 - Securely encrypting and otherwise complying with best practices in order to securely protect Confidential Information stored on portable electronic devices;
 - Securely locking any repository for Confidential Information;
 - Provide appropriate levels of security (confidentiality, integrity, and



availability) for the data based on data categorization and classification and FIPS Publication 199 or superior protection levels.

- Properly maintaining security of any and all computer systems (hardware and software applications) used to store or process Confidential Information, including installing all security patches, upgrades, and anti-virus updates;
- Designating a Security Officer to oversee such Party's Data security program, carry out privacy programs and to act as the principal point of contact responsible for communicating on security matters with the State;
- Immediately reporting to the State any breach of security, as that phrase is used in California Civil Code section 1798.29(d), to:

Information Security Office

Department of Cannabis Control
PO Box 419106
Rancho Cordova, CA 95741-9106
Office phone: 1-844-612-2322
Email: iso@cannabis.ca.gov

- Promptly taking corrective action to cure any breach of security, including immediately notifying the other Party and conducting an investigation of each breach and providing the other Party with a written report of the investigation within thirty (30) working days of the discovery of the breach. All Parties may be participants in the security breach investigation, or Parties may conduct their own independent investigations, in which all Parties shall fully cooperate. The Party who experienced the security incident as a result of their failure to perform or negligent acts of its personnel, which resulted in a data breach shall be responsible for all costs incurred, including the costs to provide notice to the individuals whose data has been lost or breached.
- Making and distributing copies of Data containing Confidential Information only as necessary to perform the obligations hereunder in full compliance with the other terms hereof, keeping accurate records of any such copies (including any back-ups), and legally and physically controlling such copies in a manner that prevents unauthorized duplication, use or disclosure.

