



AGRICULTURAL RESOURCES CONSERVATION FUND GUIDANCE

STATE FISCAL YEAR 2027

Tennessee Department of Agriculture-Land and Water Stewardship Section

Introduction:

The Tennessee Department of Agriculture (TDA) is authorized by T.C.A. §67-4-409(l) to administer the Agricultural Resources Conservation Fund (ARCF). This statute states the intent of the General Assembly is for the highest priority of the ARCF to be the abatement and prevention of nonpoint source water pollution that may be associated with agricultural production. Historically, funding has been provided to landowners through a partnership with the Soil and Water Conservation Districts (SWCDs) for the installation of Best Management Practices (BMPs). SWCDs have also received grants for specialized equipment from the ARCF, as well as funds for targeted educational projects. Other qualifying entities may also be awarded grants to fulfill the purposes of the ARCF. It is essential that the benchmark of program effectiveness be measurable water quality improvements. To this end, we strongly recommend the adoption of the following procedures by ARCF applicants.

Watershed Evaluations:

All SWCDs that apply for funding should evaluate the streams in their District (county), and should certainly be aware of those waters that are listed as impaired for agriculture [on TDEC's Online Water Resources Data Viewer](#) and/or [TDEC's Final 2024 List of Impaired Waters](#). (Select "Water Quality Assessment Publications", then select "EPA Approved Lists of Impaired and Threatened Waters" Final 2024 List)

Agricultural lands having an obvious negative impact on water quality should be identified by the SWCD. The landowners in these identified areas should be contacted directly by the District and/or District partners and should be encouraged to apply for incentive payment funding for the needed BMPs.

Watershed Prioritization:

Following the development of information regarding the streams in the District (county), the SWCD Board and staff, the District Conservationist and other NRCS staff, the TDA Watershed Coordinator, and any other persons involved locally should collaborate to rank the applications submitted by landowners for BMP incentive payments. **The criteria for ranking needed BMPs should focus on the likelihood of obtaining measurable water quality improvements from the BMP installation.** TDA recommends that SWCDs develop a plan to address all watersheds in their Districts and set the goal of removing streams or segments of streams from the state List of Impaired and Threatened Waters, and to remove sources of impairment from streams not currently listed, so as to prevent them from being listed as impaired. This can be accomplished by focusing on one small watershed at a time, installing all needed BMPs within that small watershed and moving on to the next small watershed, utilizing a "worst watershed first" approach. The intent of this effort should be to remove or reduce nonpoint pollution sources from all waters in each District.

To achieve the objectives mandated by the General Assembly, all BMP implementation programs

should have a watershed focus. The process is outlined as follows:

1. List all watersheds with streams impaired by Agriculture in the county.
2. Select a watershed, no larger than a twelve-digit Hydrologic Unit area.
3. Evaluate the watershed, identifying all BMPs that are needed to lessen active erosion or the direct transport of pollutants to the state's waters,
4. Attempt to obtain 100% landowner participation in the watershed, through one-on-one meetings, phone calls, site visits, or educational forums, etc.,
5. Apply for funding from TDA. Each SWCD should consult with the appropriate TDA Watershed Coordinator prior to application submittal.
6. Install funded BMPs.

It is imperative that the funds used through this program demonstrate that voluntary, non-regulatory conservation programs can measurably improve Tennessee's waters.

Additional Funding:

If at any time during the watershed evaluation the SWCD becomes aware of water quality problems in their county that are not related to agricultural practices, and there is local interest in solving these problems, the SWCD is encouraged to contact the TDA Land and Water Stewardship Section and make an application for funding through the 319 Nonpoint Source Grant Program.

Guidance for BMP Implementation:

BMPs that address an existing resource concern and will improve the water quality of Tennessee will be eligible to receive incentive payments through TDA's ARCF. The funds will be administered through the Soil and Water Conservation District Board of Supervisors in each county and with other partners, with the concurrence of TDA's Watershed Coordinators, as outlined in this Guidance.

Cooperators must make application for all BMPs and be approved for funding prior to implementing the practice(s). Technical assistance will be provided by either the United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) or District technicians. Specifications for all BMPs will be generally in accordance with the NRCS Field Office Technical Guide. Conservation Plans will be developed by the NRCS District Conservationists or the District Technicians and will be adhered to for the purpose of establishing eligibility for incentive payments. Variances from NRCS plans and specifications will be considered on a case-by-case basis. **A written request to TDA shall be required for all variance requests, and a determination will be made by TDA in writing after consultation with TDA staff, the cooperator, and the members of the local partnership.**

Each cooperator is required to sign the *Application and Agreement for Incentive Payment Assistance Form*, after the "Total Estimated Incentive" has been filled in. TDA will not reimburse any project that does not have this form completed, including all required signatures, prior to starting the project. It is a requirement of TDA that a copy of the completed Application and Agreement Form be provided to the cooperator when the cooperator is given approval to proceed, along with written information on certain BMP funding limits outlined in this Guidance that may be applicable to the BMPs planned for the cooperator's project. Additionally, TDA strongly suggests SWCDs, in writing, give all Cooperators 60 days to begin their project, with the goal of getting projects completed timely. Only the input rates specified in the Conservation Plan will be eligible to receive incentive payment funding. The intent of these requirements is to provide as much clarity to the cooperator as possible about the source of funding and the basis for the incentive payment the cooperator will receive. In the event funding for a project is switched from USDA-funded to TDA-funded, the District and NRCS staff must review the project costs in light of TDA guidance limitations and communicate immediately any incentive payment changes in writing to the cooperator. This will ensure the cooperators know what to expect.

The life span of all practices shall conform to NRCS guidelines, except for the cropland conversion practice (512A), which is 5 years. The cooperator shall reimburse the District for incentive payments paid on a pro-rata basis for the destruction of any BMP before the end of the expected useful life of the BMP. In the case of a cooperator that applies for BMPs with a life expectancy of greater than one year on land he/she is renting, the landowner shall sign the application and agreement form along with the cooperator/renter. A cooperator who has power of attorney can sign for the landowner. The FSA Limited Power of Attorney Form 211 is acceptable to use. A copy of the power of attorney will be attached to the application. If the landowner decides not to rent the land and/or sell it prior to the end of the useful life of the BMP(s), and the BMPs are removed, the District should seek to recover the pro-rata share of the incentive payments made for the BMP(s) from the landowner.

It may be necessary to remind all grantees that the ARCF is operated as a reimbursement-based program. LWSS does not provide “up-front” payments to landowners. LWSS is not motivated to pay a producer back any sooner because contractors are demanding to be paid – they should have already been paid in full by the producer at the time services were rendered. The producer completely pays for the work, then LWSS reimburses them an agreed-upon portion of their expenses – that is how this program works.

TDA – LWSS Prescribed Rate Payment System for ARCF Projects

This system is based on the NRCS EQIP Payment Schedule and will move up and down with annual EQIP rate adjustments. This will make the TDA system responsive to fluctuations in inflation and other outside economic factors.

1. Only the EQIP standard rates apply to the TDA system. For clarity, NRCS rates for “priority practices” will have no impact on TDA payment calculations.
2. The EQIP Payment Schedule in effect on the date of the Cooperator’s Application for Assistance will determine the TDA Incentive Payment. TDA reserves the right, in the event a project is delayed at “no fault of the cooperator”, to revise the estimate for the project based on the rate schedule in place at the time the project is ready to proceed. “No fault of the cooperator” means things like engineering design delays, permitting delays, backordered materials, labor/contractor availability, etc.
3. **Due to uncertainty and questions surrounding the FFY 2026 EQIP payment schedule, ARCF payments will continue to be calculated using the FFY 2025 EQIP payment schedule until further notice.**

In certain instances (outlined below), EQIP payment rates will be modified by a multiplier to adjust ARCF payment rates to accommodate TDA – LWSS priorities.

This will result in two tiers of payment rates with ARCF:

1. Incentivized rates to reflect high priorities of the ARCF program
2. Standard EQIP rates

ARCF will incentivize projects based on the following priorities of the TDA – LWSS:

Incentive #1 – Any of the following high priority BMPs receive a **15%** increase above the standard EQIP rate (**EQIP rate x 1.15**):

- Livestock Exclusion Fence (382E)
- Riparian Herbaceous Cover (390)
- Riparian Forest Buffer (391)

- Filter Strip (393)
- Stream Crossing (578)
- Streambank and Shoreline Protection (580)
- Channel Bed Stabilization (584)
- Grassed Waterway (412)
- Critical Area Planting (342)
- Grade Stabilization Structure (410)
- Waste Storage Facility (313)
- Water and Sediment Control Basin (638)
- Underground Outlet (620)
- Diversions (362)
- Terraces (600)

Incentive #2 - – Projects located in “distressed” counties receive a **10%** increase above the standard EQIP rate (**EQIP rate x 1.10**) **AND** projects located in “At-Risk” counties receive a **5%** increase above the standard EQIP rate (**EQIP rate x 1.05**). **Currently, the official list of “distressed” counties in Tennessee is:**

- | | |
|------------|-----------|
| ▪ Bledsoe | ▪ Haywood |
| ▪ Clay | ▪ Lake |
| ▪ Cocke | ▪ Perry |
| ▪ Grundy | ▪ Pickett |
| ▪ Hancock | ▪ Scott |
| ▪ Hardeman | |

Currently, the official list of “At-Risk” counties in Tennessee is:

- | | |
|-------------|--------------|
| • Benton | • Jackson |
| • Campbell | • Johnson |
| • Carroll | • Lauderdale |
| • Carter | • McNairy |
| • Claiborne | • Meigs |
| • Decatur | • Morgan |
| • Dekalb | • Overton |
| • Fentress | • Sequatchie |
| • Greene | • Unicoi |
| • Hardin | • Van Buren |
| • Hawkins | • Warren |
| • Houston | • Wayne |

The link to this list is: <https://www.tn.gov/transparenttn/state-financial-overview/open-ecd/openecd/tnecd-performance-metrics/openecd-long-term-objectives-quick-stats/distressed-counties.html> This list is published at the beginning of each state fiscal year. TDA will attempt to inform all affected Districts when new lists are published. The eligibility for the additional **10%** and **5%** multipliers will be determined at the time the cooperator signs up for assistance.

Through the incentives described above, TDA – LWSS is aiming this system to achieve the following:

1. Increase installation of high impact BMPs (especially those in riparian zones and closest in proximity to waters), achieving the “most bang for our buck”.

2. Support the Governor's initiative to stimulate economic activity in **distressed and at risk counties**.

All practices not included in the incentivized list and not in a "distressed" county will be paid at the current standard EQIP rate. As stated above, NRCS rates for "priority practices" will have no impact on TDA payment calculations.

Incentives are additive – i.e., if a producer is installing a riparian forest buffer on his farm in Hancock County, he would qualify for both the priority practice incentive (**0.15**) and the distressed county incentive (**0.10**). In order to determine the cost-share payment to this producer, calculate the total EQIP payment and then multiply one time by the cumulative incentive they qualify for (In this case, **0.15 + 0.10 = 0.25**).

Some detailed examples:

Continuing with the example above from Hancock County, let's say the calculated EQIP payment for the amount of riparian forest buffer this producer was installing was \$3,500. To determine how much he would be paid from the ARCF you would simply multiply \$3,500 x

***1.25 = \$4,375**. So, in this case, the producer would be paid **\$4,375** from the ARCF instead of the \$3,500 he would have received from EQIP.*

You must also be aware of the common situation where a producer is installing more than one practice and one or more of them may be a TDA-incentivized practice(s) and one or more may not be a TDA-incentivized practice(s). In cases like this, you would apply the incentive(s) only to the practices on the priority list while treating the other practices as if they were normal, EQIP practices.

To expand on the example above, let's now say that the producer is installing the riparian forest buffer, some livestock exclusion fence, and a heavy use area at the same time. The EQIP payments calculated for each of these practices is \$3,500, \$2,800, and \$1,450, respectively. Note that, only the riparian forest buffer and livestock exclusion fence are incentivized practices, but all three are located in a distressed county. To determine what he will be paid under ARCF in this scenario you would do the following:

1. Total up the EQIP payments for the practices receiving both the practice incentive and the distressed county incentive.
 - Riparian forest buffer = \$3,500
 - Livestock exclusion fence = \$2,800
 - Total = \$6,300
2. Then multiply that amount by the total incentive earned (in this case practice incentive (.15) + distressed county incentive (.10) = **0.25**)
 - \$6,300 x **1.25 = \$7,875**
3. The heavy use area only receives the distressed county incentive (0.05). Multiply its EQIP payment amount by the incentive.
 - \$1,450 x **1.10 = \$1,595**
4. Finally, add the total for the practices receiving both incentives and the practice that received only one incentive to arrive at the total amount of cost-share that

can be paid to the producer under ARCF

- $\$7,875 + \$1,595 = \underline{\$9,470}$

So, in this example, the producer would be paid \$9,470 by the ARCF for these three practices whereas he would have been paid only \$7,750 strictly under EQIP.

Here are a few extra points to be aware of:

- We will attempt to incorporate as much of this system as possible into the new TDA – LWSS data management software that is being procured now.
- We may require bills to be turned in for certain (a few) practices each year to serve as a check of our system, again in terms of how our system is performing in light of real- world total costs of various practices.

The SWCD Board of Supervisors may elect to set a per-cooperator annual funding cap, or a District-specific incentive payment amount. For SWCD Boards who choose to set their own incentive payment amounts, the payment made to the cooperator shall not be greater than the calculated incentive payment from the TDA Prescribed Rate. Also, additional payments to cooperators at year-end to increase the amount of incentives given will not be allowed.

We urge SWCD Boards that set annual maximum “per cooperator” funding caps to evaluate and raise them significantly, due to recent price increases of materials and labor. **It is recommended that the annual per-cooperator funding cap be at least \$15,000.**

“Piggy-Backing” Prohibition. Incentive payments made from the ARCF may be used in cooperation with other funding sources, if necessary, but NOT combined on individual practices. **TDA Watershed Coordinators shall be consulted in these situations, prior to giving approval to the cooperator.**

Invoices/ Receipts:

Cooperators must provide proper receipts and/or invoices or load tickets for documentation of proof of purchase, or verification that the specifications for a specific project are met for the following practices:

- Seeding practices (cropland conversion, critical area planting, cover crops, etc.)
- Nutrient Management
- Pumping Plants
- Utility Taps
- Streambank and Shoreline Protection
- Stream Crossing
- Access Roads, and Trails and Walkways

NOTE: these receipts are strictly for “proof-of-purchase” type verification. TDA will not be using these to establish a “total cost” of the project nor will these play any role in determining cost-share rates. Also, these do NOT need to be submitted to TDA administrators in Nashville.

BMP Specifics:

For clarity, the following are some common activities that are ineligible for ARCF incentive payments.

1. Any proposed practice where a water quality resource concern is not present.
2. Fencing of farm ponds that are not waters of the state as a stand-alone practice.
3. Fencing to exclude livestock from wooded areas, where state waters are not being threatened.

4. Any type of virtual livestock fencing
5. Property boundary or perimeter fencing
6. Tile Drainage Systems
7. Forage and Biomass Planting (512) that is not Cropland Conversion (512A) (see below)
8. Cleanout and dredging of farm ponds
9. Portable watering facilities

Consistent with established TDA practice, certain BMPs will be eligible for incentive payments **without** the need for a preliminary site visit from the Watershed Coordinator to determine eligibility. The following is a list of these:

1. **Riparian Forest Buffer (391)**
2. **Riparian Herbaceous Cover 390)**
3. **Cropland Conversion (512A):** Incentive payments for seeding will be provided for the establishment of a permanent vegetative cover to be used for pasture or hay land. In order to be eligible, the land being converted to permanent cover must have an established cropping history of corn, soybeans, cotton, or any annual crop for at least one crop year immediately prior. This could include specialty crops of vegetables or hay (e.g., sudex). Documentation from USDA-Farm Services Agency, or visual evaluation of the site by the TDA Watershed Coordinator will establish the cropping history for the previous crop year. Unless required by the Conservation Plan, there is no requirement in this guidance to run the RUSLE2 soil loss equation on sites where this practice is to be applied. SOIL TESTING IS REQUIRED. SOIL TESTS SHALL CONFORM TO THE METHODOLOGIES USED BY THE UNIVERSITY OF TENNESSEE SOIL TESTING LAB. REIMBURSEMENT FOR LIME AND FERTILIZER WILL BE BASED SOLELY ON THE UT INSTITUTE OF AGRICULTURE RECOMMENDATIONS FOR LIME AND FERTILIZER APPLICATION. Eligible seeding rates and dates are those specified on the NRCS Conservation Plan or in accordance with the University of Tennessee Publication PB 378. The seeding rates and, if applicable, lime and fertilizer rates eligible for incentive payment reimbursement will be provided to the cooperators in writing prior to planting. Local SWCD Boards, with the concurrence of the TDA Watershed Coordinator and the NRCS District Conservationist, have the option to extend seeding dates in the event that weather conditions prevent adherence to specified dates. Companion crop seeds (e.g. wheat) will not be eligible for incentive payment. Maintenance for a minimum of five years will be required on all permanent vegetative covers.
4. **Diversions (362)**
5. **Grade Stabilization Structures (410)**
6. **Grassed Waterways (412)**
7. **Water and Sediment Control Basins (638):** Emphasis should be placed on this practice as a component of a larger field system for erosion control.
8. **Terraces (600)**

Consistent with established TDA practice, certain BMPs will be eligible for incentive payment **only after a site visit** (or equivalent) has been made by the TDA Watershed Coordinator, prior to the cooperator receiving approval for the project to proceed, to determine eligibility. The following is a list of these BMPs:

- 1. Poultry Litter Storage (Waste Storage Facility) (313), Composting Facility (317) and Incinerators (Animal Mortality Facility) (316):** These practices are eligible for reimbursement, subject to fund availability. TDA Watershed Coordinators will evaluate requests for components on a case-by-case basis. Eligible poultry producers are those that have been in operation for at least ten years.
- 2. Animal Waste Systems:** These projects are eligible for reimbursement, subject to fund availability. TDA funding would be limited to practices that improve manure handling and storage, practices such as Roof Runoff Structures, (558), Trails and Walkways, (575), Waste Storage Facility (313), Pumping Plant (533) and other practices that aid in improving the quality or lessening the quantity of agricultural stormwater runoff from the facility to state waters.
- 3. Cover Crops (340) – NOTE FUNDING LIMITS:** The cover crop program paid through TDA-LWSS has been simplified for this year. TDA-LWSS will now only have one payment rate instead of two. This practice is viewed as having only one intended purpose - providing beneficial cover to exposed or vulnerable soil surfaces in order to prevent soil erosion.

Cover Crop (CPS 340)

- Cooperators implementing CPS 340 through ARCF will be eligible to receive \$50 per acre.
- This practice shall be aerially seeded or drilled into existing cash crop residue. This practice will not be paid for on pasture or hay fields.
- The exact seed mix, seeding rates, and seeding dates will be determined using the Tennessee Cover Crop Calculator tool.
- A 2-species mix will be required at the minimum.
- Soil testing is recommended, but NOT required.
- No harvesting or haying of this practice is allowed at any time.
- Livestock should be excluded until the stand is established.
- Following establishment, this practice MAY be grazed. In all instances, the cover should reach a minimum height of 12 inches before grazing and be grazed no lower than 6 inches.
- Termination dates will be set by NRCS.

The seeding rates eligible for incentive payment reimbursement and the funding limits established will be provided to the cooperator in writing prior to planting. Local SWCD Boards, with the concurrence of the TDA Watershed Coordinator and the NRCS District Conservationist, have the option to extend seeding dates in the event that weather conditions prevent adherence to specified dates.

NOTE: TDA Watershed coordinators will evaluate cover crop site eligibility using a combination of field visits and/or crop/HEL reports available through USDA.

- 4. Critical Area Planting (342)**

5. Heavy Use Areas (561): The NRCS HUA worksheet must be completed for all planned HUAs. The incentive payments for heavy use areas will be based on the crushed stone rate for the practice. Incentive payments for concrete will only be paid if the design engineer documents the need for concrete in writing.

6. Fencing Practices (382):

- For all fencing practices, livestock must be present on the farm prior to installation of the practices. The type of fence installed will be stipulated in the Conservation Plan. The funding limits established for fencing will be provided to the cooperators in writing prior to the cooperators being given approval to proceed.
- Fencing for Livestock Exclusion (382E): The purpose of this practice is to control access of livestock to waters of the state. Components may include Watering Facilities (Practice Number 614), and Stream Crossing (Practice Number 578), etc.
- Fencing (382G) for Livestock Grazing Systems Incentive payments for fencing for a managed grazing system will be limited to cross-fencing of existing fields. The number of paddocks and the number and distance between the watering facilities installed will be consistent with the Conservation Plan, unless a variance is requested in writing by the cooperators. Variances will be considered by TDA on a case-by-case basis, from the perspective of maximizing the efficiency and function of the grazing system to positively affect state waters.
- Temporary Fencing (382T). Temporary fencing systems will be eligible for funding, only within an established and functioning grazing system. Reimbursement will be the EQIP payment rate or \$500 whichever is less, consistent with the Conservation Plan, and will have a life expectancy of five years.

7. Ponds (378), Water Wells (642), Spring Developments (574), Watering Facilities (614), Pumping Plant (533) Utility Water Taps – NOTE FUNDING LIMITS

- TDA will provide incentive payments to repair spillways on existing ponds, provided the pond is not under an existing operation and maintenance agreement with USDA, and if there is a legitimate resource concern pertaining to water quality. Ponds, water wells, spring developments, watering facilities, pumping plants, and utility water taps deemed eligible for funding must be a component of a livestock exclusion system or a prescribed grazing system, consistent with the Conservation Plan. All watering facilities must be installed on a heavy use area in order to be approved for incentive payment.
- Practices eligible for incentive payment are those intended to serve an exclusive agricultural purpose. No incentive payments will be given for new practices serving a dual purpose, such as a home or other non-agricultural use.
- TDA does not pay for attempts to drill a well that does not result in an adequate supply of water. The funding limits established for wells will be

provided to the cooperators in writing prior to the cooperators being given approval to proceed.

- Incentive payments for wells shall either be the EQIP payment rate of the establishment cost, or \$5,000, whichever is less. For wells, the TDA cap (\$5,000) includes the cost of drilling a successful well, and the cost of the well casing.
 - Pumping plants will be considered for incentive payment separately, with an incentive payment of either the EQIP payment rate of the pump cost or \$4,500, whichever is less. Incentive payments for a well and a pumping plant are calculated separately as individual components
 - Incentive payments for utility taps (including installation of a backflow preventer, where appropriate) shall be either the EQIP payment rate, or \$1,800.00, whichever is less.
- 8. Livestock Pipeline (516):** Pipelines from wells, utility water taps, or stream sources providing water to livestock are eligible for incentive payments. Consistent with the guidance under Watering Facilities above, the pipelines eligible for funding are those that are intended to serve an exclusive agricultural purpose. No incentive payments will be given for a new pipeline serving a dual purpose, such as a home or other non-agricultural use. Only the portion serving the agricultural purpose will be eligible for incentive payment funding.
- 9. Streambank and Shoreline Protection (580):** Incentive payments for this practice are limited to sites that border on agricultural lands.
- 10. Stream Crossings (578):** Eligible stream crossings will be those that make a positive impact on waters of the state from agricultural impacts, not crossings of wet weather conveyances or culverts over driveways or other non-farm uses.

If a BMP is not listed on either of the above lists, then it will require a site visit by the TDA Watershed Coordinator prior to approval. The resource concern and water quality benefit of the practice must be determined by the TDA Watershed Coordinator in consultation with the TDA- LWSS managers, the NRCS District Conservationist, district technicians, and approved by the SWCD Board.

Policy on Failed Practices. Practices that fail or are destroyed may be provided incentive funding a second time at the discretion of the SWCD Board if the following two conditions are met:

1. Request from the cooperator must be received by the SWCD Board within six months of the initial practice completion date.
2. Acknowledged by the SWCD and TDA that the practice was destroyed by an act of God, not mismanagement by the cooperator.

Funding to reestablish a failed practice from TDA will be provided one-time only.

Information and Education (I&E) Projects:

Agricultural projects that are directed toward landowners, producers, and managers, such as field days, BMP demonstrations, seminars, informational material, and training/workshop events will be eligible,

pending approval and funding availability. Each project proposed shall have a clear purpose of promoting water quality improvements from conservation practice installation. **Activities focused on production agriculture and wildlife are not eligible for funding.** Each project request shall include a detailed estimate for the requested amount, itemizing what the funds will be used for. TDA will provide an evaluation form to each District to use as a means of testing the success of the educational event. SWCDs will conduct the survey, compile the results and submit these results to TDA with the reimbursement request. Approval for all educational activities must be received before incurring costs associated with the activity.

Requests for promotional items will be considered on a case-by-case basis, and all specific items to be purchased must be clearly identified in the funding request.

Equipment:

Grants for specialized equipment will be available to Soil and Water Conservation Districts and Animal Waste Associations this fiscal year, pending approval and funding availability. Eligible equipment will include no-till drills, manure handling equipment, lime spreaders, and post drivers to assist in the promotion of soil conservation and soil health, and the adoption of alternative best practices that reduce the risk of pollution of Tennessee waters from agricultural operations. Ineligible equipment will include all production-oriented items.

Funding for equipment should not be requested if the equipment is already available locally through the private sector. Applicants should clearly indicate on the application the estimated cost of the requested equipment and the amount of matching funds the applicant plans to provide. The amount of matching funds provided will be one factor in allocating the funds for equipment. The applicant must provide a completed copy of their equipment rental agreement to TDA with the funding request. All applicants shall follow established procurement procedures to ensure the purchase is made in a competitive and open manner, consistent with state law and policies. The following are new purchasing threshold requirements for SWCDs:

Purchase Category/Procurement Required	Dollar Amount of Purchase
Small Purchase Authorization	\$.01 to \$25,000
Information Solicitation Authorization (Quotes)	\$25,000.01 to \$100,000
Formal Solicitation	Above \$100,000

- Small Purchases do not require price quotes to be obtained.
- Informal Solicitation Authorization will require prices from at least three different sources to be obtained.
- Formal Solicitations will require public notice and sealed bids to be taken (this is very unlikely to occur, given the scope of SWCD work).

All equipment purchased with ARCF money must be NEW equipment; the purchase of used equipment is not allowed. If requesting payment for equipment “up-front” (i.e., before you take delivery), you must provide some type of “commitment to purchase”. This could be a signed quote, proof of a deposit, purchase order, etc.

Requirements for “Contribution Agreement” Technicians:

Funding for Contribution Agreement positions will be provided again this fiscal year. The NRCS has entered an agreement with TDA, so both the federal and the state portions of the contribution agreement compensation will come to the District through the TDA grant. The SWCD will report to TDA the name and contact information for the employee and the status of conservation planning and/or engineering job approval authority certifications earned. Should the employee vacate the position for

any reason, the SWCD will promptly notify TDA. TDA personnel will be given the opportunity to review the qualifications of applicants and give appropriate feedback prior to selection by the Board. TDA will also be notified of the start date of all new technicians.

The contribution agreement technician must be provided a job plan, outlining in writing their duties and responsibilities, and should receive one interim review and an annual performance review wherein their work performance is evaluated. **TDA shall be sent a copy of the job plan and the employee's most recent annual performance evaluation at the time of application for funding for a new fiscal year.**

The TDA portion of the contribution agreement employee's support will be capped at \$9,000 per year, with a limit of one position per district. The NRCS portion of the contribution agreement employee's support will be capped at \$12,000 per year. Both TDA and NRCS funding may be used to pay any type of financial support for the position - salary, taxes, and/or other fringe benefits.

However, there is no "per hour" cap established by TDA for contribution agreement employee salaries because the county or District provided portion of their salary is not capped. Total compensation for this employee (salary and fringe benefits) is a decision for the county gov't and the District Board to make.

Requirements for Technicians Funded with a Ten Percent Set-Aside:

NOTE: beginning in FY 2027, 10% TA positions will no longer be approved for administrative assistance. Only people approved to design and layout practices in the field may receive 10% TA payments.

TDA will be furnished the name and the qualifications of the technician proposed to be retained by the SWCD to perform technical assistance work, including documentation of conservation planning and/or engineering job approval authority certifications held or that are planned to be obtained. The TDA requirements are for all state-funded technicians to hold or be working toward, at a minimum, NRCS conservation planning certification. Obtaining engineering job approval authority would be highly desirable.

The 10% technician should be provided a job plan, outlining in writing their duties and responsibilities, and should receive an annual review wherein their work performance is evaluated. TDA shall be sent a copy of the job plan and the employee's annual performance evaluation.

For technical assistance by an employee with NRCS Engineering Job Approval Authority, or who possesses commensurate training and experience to perform the field work necessary for the design and layout of conservation practices, the hourly rate will be capped at \$25 per hour, with a 40 hour, "per application" limit. For technical assistance by an employee that has or is working to obtain Conservation Planning Certification, the hourly rate will be capped at \$15 per hour, with a 40-hour, "per application" limit.

These caps do not in any way limit the SWCD from providing additional compensation from other sources if they see fit. These caps are set to provide a uniform state- wide level of support from TDA for additional conservation technical assistance. The "per application" caps have been included to align these activities with recent time and labor studies performed by the conservation partners in Tennessee.

To request reimbursement for the TDA and NRCS portion of the Contribution Agreement employee's salary, a completed AG0656.1 form "Worksheet for Payment of Technical Assistance Through a

Contribution Agreement” must be submitted no later than the 15th of the month following the month in which the work was performed. For example, the worksheet for the month of March must be submitted no later than April 15th. In addition, all signatures must be dated the final day of the pay period or later to be approved for payment. Time worked cannot be certified into the future, unless an employee is on leave. Forms containing early signatures (e.g. signatures dated prior to the end of the pay period) will not be approved for payment. Likewise, post-dated forms will not be accepted (e.g. a worksheet is submitted to TDA on March 30th, but the signatures are dated March 31st).

Conflict of Interest Regarding Compensation through ARCF:

It is the policy of TDA to require full disclosure of situations that could result in a conflict of interest. For any employee that receives compensation from the county government or the Soil Conservation District, and also receives compensation through the contribution agreement process or the 10% technical assistance support grant, written documentation from the primary employer stating the employer’s knowledge and approval of the employment situation and declaring no conflict of interest or “double dipping” exists shall be provided to TDA with the funding application.