

## Part 531 – Regional Conservation Partnership Program

### Subpart I – Allocating and Managing Funds

#### 531.80 General

A. This subpart provides policy related to allocating and managing funds and State spending limits. NRCS ensures funds delivered through the Regional Conservation Partnership Program (RCPP) are properly managed and disbursed for program purposes. NRCS uses business tools to create spending plans or subaccounts and associated ranking pools.

B. RCPP funds are authorized by Congress and apportioned by the Office of Management and Budget each fiscal year. All program financial assistance (FA) and technical assistance (TA) funds are obligated and expended through the Financial Management Modernization Initiative.

C. RCPP funds are managed at the project level, based on the following:

- (1) Project allocations established during proposal selections,
- (2) Activity-by-activity (land management, land rental, U.S.-held easement, entity-held easement, and watershed/public works), and
- (3) Contract type determinations made during programmatic partnership agreement (PPA) negotiations.

D. All organizational levels are responsible for managing funds and fund integrity. The State conservationist (STC) in each project's lead State ensures that PPA budgets identify FA and TA needs within each project. National Headquarters (NHQ) collaborates with the Farm Production and Conservation (FPAC) Business Center to make project-level funds available to States.

#### 531.81 Funding Allocations and Project Proposal Ranking Pools

A. Under the amendments made by the Agriculture Improvement Act of 2018, RCPP is authorized for \$300 million of the Commodity Credit Corporation funds each of fiscal years 2019 through 2023 in mandatory funding to carry out the program.

B. NRCS allocates RCPP funds as follows:

- (1) Fifty percent of the annual funding to projects based in the State and multistate pool;  
and
- (2) Fifty percent of the annual funding to projects for critical conservation areas.

C. RCPP project funding provided by NRCS is divided into two categories—FA and TA. The Chief may specify that, for any particular year, the extent of TA is limited, such as no more than 30 percent, and a project may only be allocated additional TA if a waiver is approved by NHQ. The TA allocation may be further designated as follows:

- (1) Implementation TA (TA-I).—TA-I funds may be budgeted for agency use, partner use, to support third-party TA Federal awards, or technical service provider TA in program contracts or budgeted for partner use in supplemental agreements (SAs).
- (2) Enhancement TA (TA-E).—TA-E allocated to a project may be used for partner project management expenses, consistent with the notice of funding opportunity (NFO), and SA negotiations.

D. RCPP allocations are made based on proposal selections. States with more than one selected proposal in a given fiscal year may receive one allocation for all proposals or funds may be provided in individual project-specific allocations. See Subpart U, exhibit 531.204M, "RCPP Financial Management for 2018 Farm Bill Projects," for additional guidance about allocations. State conservationists (STCs) are responsible for managing all funds solely for the

proposal/project for which they were allocated. States must not utilize funds allocated for one project to support another project. Any such reallocations or additions for new funds require NHQ approval and PPA amendment to each affected project.

- (1) Notify NHQ through the Financial Assistance Programs Division (FAPD) SharePoint if a proposal is withdrawn by a partner during negotiations, the PPA negotiations are unsuccessful, or a PPA is executed and subsequently terminated prior to any FA obligations. NHQ will coordinate a sweep of all project FA and TA funds and returns of project allocation to NHQ program reserves.
- (2) States must follow PPA closeout processes outlined in the agreement templates and in policy if termination occurs after a PPA is successfully negotiated and FA or TA are obligated. The STC will—
  - (i) Determine continued defensibility and in-scope adjustment needs associated with any active SA obligations related to the terminated project.
  - (ii) Amend or terminate SAs as needed based on the determination to deobligate FA or TA funding.
  - (iii) Notify NHQ of completion of the steps above, and the funds available for other purposes.

**Note:** Proposal selections do not constitute awards, which are finalized, executed, and allocated through the PPA negotiation process.

E. Following execution of a PPA, the FPAC Business Center makes allocations for:

- (1) The entirety of a project’s FA funding;
- (2) The entirety of a project’s partner-use TA funding (if it exists in the PPA); and
- (3) An initial allocation of NRCS-use TA funding.

NRCS-use TA is typically allocated annually based on the agreed-upon amounts documented in a PPA. See subpart U, exhibit 531.204M, “RCPP Financial Management for 2018 Farm Bill Projects,” for additional guidance about RCPP allocations.

F. Based on available funding and agency priorities, NRCS may offer reduced funding from the amount requested in a proposal. NRCS may approve proportional reductions in proposed partner contributions if a project is funded at less than the requested amount.

## 531.82 Partner Contributions

A. RCPP project budgets are comprised of a combination of RCPP funding and partner contributions. It is NRCS’s goal that partner contributions be at least equal to the NRCS investment in an RCPP project. It is also required that each PPA maintain the ratio between contributions and RCPP funding established in the original proposal, negotiated changes to individual contributions, or contributions substitutions. Partner contributions may include a combination of direct funding and in-kind support.

- (1) Partner contributions completed between the announcement of proposal selections and the execution of a PPA can be included in a project if such activities are included in the negotiated agreement.
- (2) To count as partner contributions, partner expenditures must be expended:
  - (i) During the life of the RCPP project;
  - (ii) Within the project’s geographic boundary; and,
  - (iii) In support of the project’s goals and objectives to benefit eligible lands and eligible producers.

B. Certain RCPP activities such as entity-held easement acquisitions and watershed/public works may have minimum matching fund requirements as specified in the applicable NFO or contracting documents.

**Note:** Partner matching funds toward the cost of an entity-held easement itself are required and may consist of any combination of partner cash contribution toward payment of easement compensation to the landowner or landowner donation toward the easement value. Partner matching funds for easements may be counted as RCPP partner contributions for the RCPP project if they are expended during the life of the PPA. Similar to Agricultural Conservation Easement Program-Agricultural Land Easement, acquisition-related costs (e.g., entity planning, appraisals, due diligence, and surveys) and easement management costs are the responsibility of RCPP partners and cannot be reimbursed by NRCS. When provided by a partner, these costs may be counted as partner contributions toward the RCPP project generally based on final RCPP PPA terms and negotiated project deliverables, but do not affect the allowable Federal share of easement acquisition.

**Example:** Type II, III, and IV SA-obligating FA for watershed activities or entity-held easement acquisitions have easement parcel/watershed project match requirements, in addition to related RCPP project-level contribution requirements. When parcel/project-level match requirements exist, they may also be included as RCPP project-level PPA contribution deliverables, and double counted as both watershed project/entity-held easement parcel match and RCPP project contribution, if the following is met:

- They are included in the negotiated PPA; and
- They were delivered during the term of the PPA.

**Note:** When a watershed project or entity-held easement SA term exceeds the term of the associated PPA, the watershed project or entity-held easement parcel match requirements must be satisfied to earn SA payment. However, the SA-level match delivered after the term of the associated PPA cannot be reported as RCPP project-level contribution.

### **531.83 Project RCPP Funding Budgets and Budget Management**

A. STCs must monitor program obligations and expenditures to prevent obligating funds in excess of the RCPP project-specific allocations, individual PPA-based activities, and contract type budgets.

B. Proposal selections establish initial project budgets by fund type (FA and TA). PPA negotiations establish final project budgets for each fund type, as well as activity and contract type plans for obligating funds. Funds in an executed PPA remain available for new obligations throughout the life of a PPA. Adjustments between FA or TA may require NHQ confirmation of availability of funds. These adjustments must be managed within an existing project budget and must follow the PPA amendment process. See subpart D, section 531.31, “Agreement Amendments.” of this manual for amendment guidance and National Instruction 440-316, “Guidance for Regional Conservation Partnership Program (RCPP) Programmatic Partnership Agreements,” and exhibit 4, “PPA Amendment Process Workflow,” for amendment examples and a diagram of the amendment process.

C. In rare cases, the FAPD division director may approve an increase in a project’s budget. Such increases may result from additional allocations from NHQ reserve funds. Any budget increases or additional allocations will be accompanied by additional guidance to States.

D. Alternative Funding Arrangements (AFA)

- (1) Funding for AFAs are limited to 15 total projects annually. See subpart C, section 531.23I of this manual for additional guidance related to AFAs.
- (2) FA in each project is allocated to one or more of four activity types:
  - (i) Land management
  - (ii) Rental
  - (iii) Entity-held easements
  - (iv) Watershed/public works

- (3) TA in each project is allocated as NRCS TA, or partner TA-I or TA-E.
- (4) PPAs establish budget for each fund and activity type by contracting mechanism to support funds management for:
  - (i) SAs; and
  - (ii) Third-party contracts.
- (5) All partner-use funding is obligated through SAs. NRCS provides TA (and easement due diligence FA) to support partner delivery of FA for the benefit of eligible producers or landowners.
- (6) Funds are managed in three contract types:
  - (i) SAs;
  - (ii) NRCS-use TA; and
  - (iii) NRCS-managed third-party contracts.

### **531.84 RCPP Classic FA Sign-Up Management**

For each RCPP project involving competitive awards, producer contracts, or SAs, States must publicize each project and activity-specific sign-up opportunity on the NRCS website. Partners may also publicize sign-up opportunities for a particular project, consistent with the PPA.

**Note:** Partner sign-up announcements do not replace NRCS responsibilities to announce sign-up opportunities for RCPP classic projects. STCs must provide at least 30 days public notice for all application periods and ranking deadlines and post associated information on the State’s website by the time of the program application announcement. See Title 440, Conservation Programs Manual (440-CPM), Part 530, “Working Land Conservation Programs Manual,” “440-CPM, Part 527, Easement Common Provisions,” and 440-CPM, Part 528, “Agricultural Conservation Easement Program (ACEP),” and annual sign-up guidance issued by NHQ.

**Note:** See subpart B, “Program Funding Announcements, Proposal Solicitation, Evaluation and Selection,” of this manual for additional guidance related to NFOs and project selections.

### **531.85 Contract Types**

#### **A. Classic**

- (1) RCPP Classic supports two fund types—FA and TA
- (2) FA in each project is allocated to one or more of five activity types:
  - (i) Land management
  - (ii) Rental
  - (iii) U.S.-held easements
  - (iv) Entity-held easements
  - (v) Watershed/public works
- (3) TA in each project is allocated as NRCS TA, Partner TA-I, or TA-E.
- (4) PPAs establish budgets for each fund and activity type by contracting mechanism to support funds management of producer contracts, SAs, NRCS-use TA, and third-party contracts.

**B. Supplement Agreements.**—See subpart E, “Supplemental Agreements” of this manual for policy and guidance on providing TA and FA funds under SAs.

### **531.86 Limitation on Administrative Expenses**

**A.** The RCPP statute prohibits NRCS from reimbursing partners for administrative costs, which include, but are not limited to, expenses for rent and utilities, durable equipment and

software acquisitions, space used by staff, copiers, phones, information technology support, and similar costs or expenses that are not directly related to the implementation of the project. RCPP partners are responsible for providing sufficient evidence for NRCS consideration that any costs for which they are seeking reimbursement are directly related to the RCPP project.

**Note:** RCPP PPAs are not subject to 2 CFR Part 200, the regulations that govern many Federal financial awards. NRCS retains final authority for all RCPP payment eligibility determinations, including whether a partner cost is an “administrative cost.”

- (1) While not reimbursable by NRCS, administrative costs may be counted as partner contributions, subject to the following limitations:
  - (i) Organizations that have an active Negotiated Indirect Cost Rate Agreement (NICRA) with the Federal Government must use the rate identified in the NICRA to determine the administrative costs to be included in a negotiated PPA as contributions. Current NICRAs must be uploaded as part of the RCPP project proposal in the NRCS Programs Portal when applicable.
  - (ii) Due to the unique nature of RCPP agreements, NRCS may identify certain partner expenses as administrative costs that are not defined as indirect costs in an organization’s NICRA. Partners may request that such partner expenses be considered partner contribution beyond the NICRA rate (partners may flag this in the proposal’s contributions deliverables table and discuss with NRCS if the proposal is selected for an award).
  - (iii) Entities without a NICRA may use a de minimis rate of up to 10 percent administrative costs rate.
  - (iv) To determine the amount of administrative costs that may be counted as partner contribution for RCPP, the NICRA rate or the de minimis rate may only be charged against the same partner’s negotiated TA contributions.
- (2) Where administrative costs are to be included in partner contributions, they must be identified in the contributions deliverables table as “Other Eligible Contributions” and listed separately so that NRCS can clearly determine the following:
  - (i) The appropriate rates are being used; and
  - (ii) The administrative contributions are only being claimed against the partner provided TA as required above.

B. NRCS must review individual project deliverables for eligibility and evaluate each contribution valuation method to ensure that RCPP funds are not used to pay partner administrative expenses. Contact NHQ if assistance is needed in evaluating administrative expenses.