

Chapter 5: Funding Sources for SWCDs

One of the keys to successful Soil and Water Conservation District (SWCD) programs, projects and events is the acquisition of district funding. District funding sources may include state appropriations, county and other local governmental appropriations, public and private grants, local income-producing projects, individuals, corporations, businesses, foundations, donations, and other sources. Successful district funding efforts are often comprised of a variety of sources to insure greater long-term security for programs.

Regardless of the source, all funds obtained by a district are *public funds*, whether they come from public, private, or charitable sources. Supervisors need to be aware there are statutes that address improper or unlawful use of public funds.

Sec. 1 County Funds

In all but one or two counties in the state the respective counties provides funding for at least a part-time employee and in most cases provide funding for one or more full-time employees. The District Law states (see IC 14-32-4-18) that a district employee is considered to be an employee of the county in which the employee works, except as provided in subsection (c) and is eligible for and shall be included in all fringe benefit programs provide for employees of the county. The exception being (subsection c) which says in essence that a district employee whose position is funded entirely from sources outside the county is not considered an employee of the county. Under IC 14-32-5-8 of the District Law it also states “the fiscal body of each county that contains a district in whole or in part *may* appropriate money for the use of the district serving the county from which, the appropriation is to be made”. In many districts across the state, county government provides an appropriation to support district operations in addition to funding district employees.

County government can be very helpful to the SWCD in a number of other ways as well. Among them: (a) providing office space for district and cooperating agency personnel, (b) promoting the use of conservation practices such as filter strips along county regulated streams and ditches (c) co-sponsoring watershed projects and assuming responsibility for their operation and maintenance, (d) replacing bridges and culverts to serve as drainage outlets or repairing severely eroding stream banks, (e) providing use of county-owned earth-moving equipment, (f) becoming a district cooperator and practicing good conservation on parks and other county-owned or managed land, and (g) co-sponsoring conservation demonstration projects.

A district, in turn, can help the county, particularly its planning commission; surveyor’s office; drainage board; and highway, health, and park departments. Some technical services the district can provide include: (a) soil survey interpretations, (b) consultation on soil problems requiring specific structures, (c) consultation on highway-related and other erosion and sediment problems, d) consultation and recommendations regarding drainage, and (e) assistance on flooding and water supply problems. An SWCD supervisor could also serve as advisors to the planning commission and other county resource committees if requested or approved by the county.

A starting point for establishing good district-county relations is to invite public officials and interested citizens to see conservation work being done and to ask for their assistance. In addition, SWCD supervisors should be familiar with the conservation-related responsibilities of county and municipal officials, and build working relationships by helping them carry out those responsibilities.

Sec. 2 State Funds

State funding for use by Indiana's 92 Soil and Water Conservation Districts is available through several state agencies, including the Indiana State Department of Agriculture, Indiana Department of Natural Resources, and Indiana Department of Environmental Management. The sources and total amounts of State funding varies annually, dependent on legislative priorities for general funds, dedicated funding sources, funding formulas, and special conservation initiatives or programs. The primary funding sources available to districts through state agencies are described below:

The **Clean Water Indiana (CWI) Program** is administered by the Indiana State Department of Agriculture – Division of Soil Conservation, subject to the State Soil Conservation Board approval. The program offers competitive grants to districts for educational, technical, financial and program capacity building initiatives. Districts in turn use the CWI grant funds to help land occupiers and conservation groups interested in implementing conservation practices to reduce nonpoint sources of water pollution. Training dollars in form of sponsored trainings and reimbursements are also offered to SWCD Supervisors and Staff.

The **CWI Matching Grants for District Operations** are matching funds provided to districts to support program operations. Chapter 8 of the District Law (IC 14-32-8) spells out the statutory requirement that the Clean Water Indiana Program will provide each district \$1 for every \$1 that a district receives from a political subdivision (or any other funding source if the district receives no funding from a political subdivision). The State is not required to exceed \$10,000 funding per district under this section of the District Law.

The Indiana Department of Environmental Management administers grants funded through **EPA's Section 319 Nonpoint Source Program** that provide support of a wide variety of activities including technical assistance, financial assistance, education, training, technology transfer, demonstration projects, and monitoring to assess the success of specific nonpoint source planning and implementation projects. Many districts utilize these grants to assist local watershed groups with planning and implementation efforts focused on reducing non-point source pollution to improve water quality.

Indiana Department of Natural Resources - Division of Fish and Wildlife's **Lake and River Enhancement Program (LARE) program** provides grants to soil and water conservation districts to carry out upland watershed land treatment projects. Grant funds are used primarily to provide financial incentives and/or cost-share assistance to land users for

implementing best management practices and technologies to reduce non-point source pollution and improve water quality within a defined watershed area. Other components of the LARE Program provide competitive grants to non-for profit groups as well as soil and water conservation to conduct water quality diagnostic studies, design and apply conservation practices related to sediment & erosion control, aquatic plant management, and sediment removal (dredging) in Indiana waters in specifically identified watersheds.

For more information, contact your District Support Specialist or the appropriate state agency listed below:

For CWI Grants

Indiana State Department of Agriculture:

<https://www.in.gov/isda/divisions/soil-conservation/clean-water-indiana/>

For EPA Section 319

Indiana Department of Environmental Management

<http://www.in.gov/idem/nps/2359.htm>

For LARE

Indiana Department of Natural Resources

<http://www.in.gov/dnr/fishwild/2364.htm>

Indiana Department of Natural Resources

- Division of Forestry <http://www.in.gov/dnr/forestry/>
- Division of Reclamation <http://www.in.gov/dnr/reclamation/>
- Division of Oil and Gas <http://www.in.gov/dnr/dnroil/>
- Division of Nature Preserves <https://www.in.gov/dnr/naturepreserve/>

Sec. 3 Federal Funds

In addition to funds from State and local governmental sources, federal funds available directly to districts conducting conservation projects are also be available from federal agencies. Sources of funds from such agencies may include grants (e.g. EPA Great Lakes Program, Mississippi River Basin Initiative, and National Water Quality Initiative); contracted services (i.e. USDA-NRCS contracted technical assistance); contracted materials, equipment, and vehicles; or numerous other opportunities useful in completing district-identified programs, projects, or services. Districts should identify specific funding needs for given conservation activities, and then match these needs against funding opportunities.

For more information contact your District Support Specialist or the appropriate agency below:

United States Department of Agriculture

Natural Resources Conservation Service

<https://www.nrcs.usda.gov/wps/portal/nrcs/in/home/>

Environmental Protection Agency Region 5
<https://www.epa.gov/aboutepa/epa-region-5>

Other federal agencies with potential for grant to districts for conservation work include but are not limited to:

USDA Forest Service
Eastern Region (R9)
<https://www.fs.usda.gov/r9>

U.S. Fish and Wildlife Service
Midwest Region
<https://www.fws.gov/midwest/>

Sec. 4 Other Grants

There are numerous other federal agencies that offer grant programs. In addition to government grants there are millions of dollars in grant funds available from private foundations and corporations. Contact information on a large list of foundations is available by searching “foundations” on the World Wide Web. To narrow the list to the organizations that might be willing to support your district search by geological area, funding priority, organizational interests or affiliation. If the granting organization allows for administrative funds and/or personnel costs to be included in the grant budget, the district should seriously consider incorporating administrative costs and personnel needs into the proposal. Also, it is important to determine what impact additional grant funds will have on the district's budget, as the grant may require matching funds potentially needed for other SWCD projects.

Tax Exemption Eligibility:

Most private foundations and corporations only grant funds to entities that have an IRS 501(c)(3) **non-profit** status designation. Soil and Water Conservation Districts, as political sub-divisions of state government do not qualify for IRS 501 (c)(3) not-for-profit status. Although districts are not eligible to qualify for IRS Code, Section 501(c)(3) nonprofit status, they can partner with other entities that have this eligibility, such as the Indiana Association of Soil & Water Conservation Districts, Resource Conservation and Development Councils (RC&D's), community foundations or other nonprofits throughout the state.

For additional information on funding refer to Chapter 5, entitled “Receiving, Managing and Disbursing Funds”.

Sec. 5 Receiving Donations and Sponsorships

District Law (IC 14-32-5-1 Sec. 1 (13), states that Soil and Water Conservation Districts may “Accept donations, gifts, and contributions in money, services, materials, or otherwise from the United States and use or expend the services, materials, or other contributions in carrying on the district's operations.” **Donations** are generally considered funds given to a district as a general gift or contribution, although they may be designated for specific uses by the donor (i.e. designated only for educational uses, or for a match for a specific watershed project).

In contrast, **sponsorships** involve a group or agency outside of the district providing some form of financial support for a specific district-coordinated activity, project, or event (i.e. District newsletter, field day, youth conservation contest) while not being necessarily responsible for the activity or project themselves. Both donations and sponsorships may include actual funds, services, materials, or other forms that have demonstrable value to either the donor/sponsor and/or the district.

When accepting donations, districts should familiarize themselves with IRS Code, Section 170(c)(1), which states that “contributions or gifts to a state or any of its political subdivisions, (i.e., Soil and Water Conservation Districts), are "charitable" contributions for tax purposes, and are, therefore, **tax deductible**” (see IRS Publication 526: “Charitable Contributions”). Please review this publication for the most up to date information as guidelines do change. Donor substantiation requirements include:

- No deduction will be allowed under Section 170 of the Internal Revenue Code for any charitable contribution of **\$250 or more** unless the donor has contemporaneous written substantiation from the charity (e.g., the conservation district).
- The substantiation must be "contemporaneous", meaning the district must provide the donor with the written substantiation no later than the date the donor actually files a return for the tax year. There is no prescribed format, however a signed letter on district letterhead thanking the donor as well as including other required “acknowledgement” stipulations could be used.
- If the district has provided goods or services to the donor, please review guidelines as stated in IRS Publication 526.

The responsibility for obtaining the substantiation lies with the donor, who must request it from the conservation district. However, the district should inform the donor of this requirement, as a courtesy.

For additional information on receiving donations, refer to Chapter 5, entitled “Receiving, Managing and Disbursing Funds”.

Accepting Easements and Other Land “Rights”

SWCDs have the authority under District Law (IC 14-32-5-1) Sec. 1.(b)(4) thru (6) to: “Obtain options upon and acquire, by purchase, exchange, lease, gift, grant, bequest, devise, or otherwise, real or personal property or rights or interests in property”; “and to maintain, administer, and improve property acquired, receive income from the property, and

expend the income in carrying out this article”; and “sell, lease, or otherwise dispose of property or interests in property in furtherance of this article”.

Soil and Water Conservation Districts are becoming more involved in accepting and managing conservation easements, which are authorized by statute (IC 14-8-2-52). Easements are used for many purposes including the protection of prime farmland, valuable natural landscapes; rivers, lakes, streams.

With the acceptance of this responsibility, the SWCD must also accept the fact that it is becoming a member of a long-term or permanent commitment including legal oversight and any follow-up and maintenance spelled out in the easement document. Agreement to serve as the management agent for easements, or other "land rights", must be accomplished through written memoranda or other official written legal documentation so that there is minimal opportunity for confusion, misunderstanding, or for the SWCD to incur liability for failure to fulfill its obligations. Such written instruments should be reviewed annually along with all other agreements and memorandums to which the district is a party.

Accepting Bequests

Districts may accept gifts of real or personal property through bequest. Such gifts or property become the property of the district to be maintained and utilized as the district deems appropriate within the district powers and purposes spelled out in District Law and in accordance with any conditions of the bequest. Bequests containing conditions that require the district to perform functions for which it is not legally authorized for districts should not be accepted.

Sec. 6 District Sales and Equipment Rentals

Many districts offer farmers and others the opportunity to rent conservation equipment such as no-till and conservation tillage equipment, earth moving equipment, tree planting tools, fencing equipment, straw blowers, surveying instruments and hand tools. Renting provides landusers the opportunity to experiment with or utilize a piece of conservation equipment without having to make a costly initial investment. It also can provide districts a source of funding to further support conservation education and other programs/activities.

With equipment leasing comes the responsibilities of maintenance and liability. SWCDs must maintain the equipment and make necessary repairs due to ordinary wear and tear. They may also be liable for claims arising out of bodily injury and/or property damage. Being political subdivisions of state government, districts are provided limited liability protection is conducting business that falls within the scope and purpose of soil and water conservation districts under the Indiana Tort Claims Act. However, when renting out equipment it's always wise for districts to obtain private insurance on the equipment and potential liability resulting from its use. For more information on private insurance coverage contact the Indiana Association of SWCDs. For additional information on liability and insurance issues, refer to Chapter 9, entitled “Legal and Liability Issues”.

To ensure that renters of district equipment understand their responsibilities, it is suggested that SWCDs utilize an equipment/liability release form (*See sample rental agreement provided on the next page*) for these reasons: (1) liability protections for both the district and customer, (2) property damage protection for the district, and (3) expediting the claim process for insurance coverage. The sample form shown here may be modified to better reflect the types of equipment leased. It is suggested that at the time of rental, the district should make a copy of the completed and signed original, give a copy to the customer, and retain the original at its office. Districts may contact their county attorney for input on developing equipment rental forms.

(Note: ISDA-DSC does not allow its vehicles to be used to transport or tow equipment unless such equipment is state-owned, and then only under particular circumstances.)

<SAMPLE EQUIPMENT RENTAL AGREEMENT – NOT APPROVED BY SBOA>
_____ COUNTY SWCD EQUIPMENT RENTAL AGREEMENT

The _____ County Soil and Water Conservation District (Lessor), located at <ADDRESS>; Phone: <PHONE NUMBER>; leases to the undersigned customer the following described equipment:

<Equipment Name>

Name _____
(Lessee)
Address: _____
Phone: _____

Equipment Rental Rate: \$ per acre for all uses. Acreage is determined by meter located on equipment.

Start date: _____ Begin Meter: _____

Finish date: _____ End Meter: _____

DATE AND TIME EQUIPMENT WILL BE RETURNED:

(Lessee will be assessed a late fee if the equipment is not returned in a timely manner)

_____ Actual Acres Used: _____

Damages or missing items noted by Lessee prior to removal from SWCD office:

TERMS

The Lessee is responsible for transporting the equipment to and from the _____ County Soil and Water Conservation District office. When the Lessee schedules the equipment, office

personnel will specify when the equipment is to be returned. If the Lessee does not return the equipment to the SWCD office prior to or at the specified time without prior permission, Lessor will be assessed a late fee of \$_._.

The Lessee at own cost and expense will use the equipment in a careful and prudent manner keeping the same in good repair. The equipment will be operated at all times by an experienced and competent operator. Lessee will comply with all laws and regulations relating to the use and operation of the equipment.

Lessee is not responsible for lubricating the equipment.

The Lessee is responsible for repair costs for damage to the equipment if the SWCD Board of Supervisors determines that the damages are not resultant from normal wear and tear. The Lessee will also be responsible for damages resulting from incorrect or unsafe use of the equipment, whether during use in the field or during transport on public and/or private roads. If the equipment becomes unusable during rental period, Lessee is to contact the SWCD office for direction. Lessor is responsible for repairs to equipment. Lessor is NOT responsible for service call fees if the Lessee chooses to contact a local business for repairs to the equipment.

In the event inclement weather makes it impossible to use the equipment, SWCD office personnel will reschedule the equipment use in the order originally scheduled.

Assumption of Risks: It is understood and agreed that the Lessee is an independent contractor and is not the agent, servant, or employee of the Lessor. The Lessee is responsible for the equipment while it is in his/her care, custody, and control. The Lessee assumes all risks resulting from the use of the equipment, and agrees to save harmless the Lessor from any and all liability for injury to persons or damage to property caused by the equipment or the use thereof.

In WITNESS WHEREOF, the parties hereto have caused this lease to be executed in duplicate this _____ day of _____, _____.

County Soil and Water Conservation District
(Lessee)

(Lessor)

Purchase and Maintenance of Equipment

Districts may own their own equipment in order to assist land users in carrying out operations upon their lands for the conservation of soil and water resources. It is the supervisors' responsibility to approve the actual purchase of the equipment and oversee its maintenance and use.

Ownership and operation of district equipment is encouraged if it is not in conflict or in competition with private contractors who do business within the district. A district should take care to only offer services that are not already satisfactorily offered by other businesses, organizations or individuals. The district may also want to consider purchasing comprehensive insurance on their equipment.

Purchase of Land and Buildings

SWCDs have the authority to purchase land, buildings and/or other properties under IC 14-32-5-1 Sec. 1.(b)(4) thru (6): “Obtain options upon and acquire, by purchase, exchange, lease, gift, grant, bequest, devise, or otherwise, real or personal property or rights or interests in property”; “maintain, administer, and improve property acquired, receive income from the property, and expend the income in carrying out this article”; and “sell, lease, or otherwise dispose of property or interests in property in furtherance of this article”. Such land and/or buildings might be obtained to provide office space for staff and cooperating agencies; store district equipment; create educational field or urban demonstrations, outdoor classrooms or open space; or any other use the district deems appropriate for local conservation purposes. The supervisors are responsible for approving such acquisitions and for appropriating the amount of money necessary to keep these facilities in good repair.

Although the district does have the power to obtain land by purchase, it may not incur indebtedness beyond available funds. To purchase a piece of property, the district could not enter into an agreement for a purchase price beyond the amount of funds the SWCD currently has available. Additionally, a district may not exercise the right of eminent domain to obtain property for local conservation uses.

Sec. 7 Sale of District-Owned Property and Equipment

When a district no longer has a need for district-owned property, equipment, or other items of real value, the district would be wise to advertise the property, equipment, etc. for sale and go through a public bid process. This insures that the item or property has the greatest chance for disposal at a fair market value for the district. If the equipment or property was obtained through a grant, the district should also explore any additional grant requirements to insure that there are no stipulations regarding the sale or disposal of the item by the SWCD.

It is the SBOA’s audit position that Indiana Code 5-22-22 covering the disposition of personal property for many governmental units does NOT apply to Soil and Water Conservation Districts, see IC 5-22-22 and IC 14-32-5-2; Indiana Code 36-1-11 covering the disposition of real or personal property for many governmental units does NOT apply to Soil and Water Conservation Districts, see IC 36-1-11 and IC 14-32-5-2. During an audit, SBOA would review the disposition of property for compliance with the district policies on the disposal of assets and for compliance with IC 14-32.

Sec. 8 Documenting SWCD Funding Needs

District supervisors and their staff are responsible for developing funding sources for the operation of the SWCD and for the conduct of programs focused on solving local natural resource concerns. The first step in determining and documenting district funding needs is examining the SWCD's Business Plan (long-range plan), as well as their annual action items (annual plan of work).

A properly developed and utilized Business Plan is driven by carefully identified local needs, and resultant goals and activities that the district has identified to address these local concerns. By carefully examining these planned programs, projects and activities from a budgetary standpoint, a major portion of a district's financial needs can be identified. Funding sources may vary greatly depending on the diversity of programs being developed by the district.

In addition to using the Business Plan to identify required funding for upcoming programs and activities, the plan can be useful in helping determine potential funding sources through cooperating partners and sponsors. Funding sources may vary greatly depending on identified resource concern, program location or watershed, program scheduling, etc. Funding agencies, groups or organizations that may be very willing to assist on a specific project in the Business Plan may have no interest at all in funding activities outside of that one concern. By maintaining a wide variety of funding sources, as well as by aggressively involving potential funding bodies in the identification, development and implementation of innovative strategies to address key resource concerns, the district can better utilize potential supporters when mutual interests in local concerns exist. For additional information on SWCD Business Plans, refer to the Chapter 12, entitled "Developing Short and Long Range Plans for Your SWCD".

SWCD Leveraging Tool

Due to the numerous and often diverse funding sources utilized by any given SWCD, it is often difficult to demonstrate the contributions Soil and Water Conservation Districts make in their local communities by leveraging significant state and federal conservation programs dollars to address soil and water conservation needs. Indiana's Soil and Water Conservation Districts (SWCDs) and the landowners and operators they assist receive financial, technical and educational support from a number of federal and state agencies in addition to county government. They also receive direct or in-kind operational support from other public and private organizations that support the mission of soil and water conservation districts. County government support is vital to district operations to carry out district programs. Too often county councils and/or commissioners are reluctant to extend additional funding to districts because they are not aware of the significant federal and state dollars, as well as private funding, that a district brings into their respective county to support the local economy, improve the soil, water and related natural resources of the county and, in turn, improve the quality of life for its citizens. In an effort to provide districts a tool to help document the dollars they leverage into their respective county ISDA-District Support Specialists, with assistance from other Indiana Conservation Partnership Representatives,

developed the **SWCD Leveraging Spreadsheet**. This spreadsheet is used to document the significant amount of non-county financial support that comes into their respective county through the network of partners working with and through the district. The spreadsheet also calculates the amount of money that comes into the county from non-county government sources for every dollar the district receives from the county. Districts are encouraged to complete the spreadsheet and use it to present their local officials with a “bigger picture” of how their district impacts their local economy and the quality of life in the community. You can also find this spreadsheet at the ISDA District Tools website:

<http://www.in.gov/isda/2372.htm>.