

2021

Report on Federal Funding Related to Water Quality Improvement Efforts in Vermont



September 17, 2021

Prepared for the Vermont General Assembly pursuant to 10 V.S.A. § 1389a(d)(3).



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The Secretary of Administration appreciates the assistance received from staff at the Agencies of Natural Resources, Agriculture, Food and Markets and Transportation in the preparation of this report, as well as the collaboration from USDA's Natural Resources Conservation Service and Rural Development Agencies.

Cover Photos:

Top Left: Stabilized stream crossing and vegetated buffer, Courtesy of USDA NRCS
Top Right: Municipal wastewater treatment facility, Courtesy of Vermont DEC
Bottom Left: New barnyard feedlot structure and waste storage facility, Courtesy of USDA NRCS
Bottom Right: Restored wetland, Courtesy of USDA NRCS

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Introduction

This report fulfills the requirement contained in 10 V.S.A. §1389a(d)(3) which states that “On or before September 1 of each year, the Secretary of Administration shall submit to the Joint Fiscal Committee a report regarding the information required under subdivision (b)(5) of this section relating to available federal funding.” Title 10 V.S.A. 1389a(b)(5) requires “A summary of available federal funding related to, or for, water quality improvement efforts in the State.”

The intent of this report is to better anticipate federal clean water funding to support Vermont’s clean water improvement programs. It should be noted that an exact correlation between state and fiscal years is not possible, first because the state (SFY) and federal fiscal years (FFY) do not coincide; second, because some federal grants cross several state fiscal years; and third, because Congress has in recent years either not passed a budget bill, passed a budget late in the fiscal year, or passed appropriations to relevant Federal agencies at different times of the year (e.g., Farm Bill vs. Interior Appropriations Bill).

The federal fiscal year runs from October 1st to September 30th, while the state fiscal year runs from July 1st to June 30th. This report provides the best available estimates of FFY21 funding to be applied in SFY22, which should be considered the maximum likely values.

	SFY18/FFY18	SFY19/FFY19	SFY20/FFY20	SFY21/FFY21
State Fiscal Year (SFY)	7/1/17-6/30/18	7/1/18-6/30/19	7/1/19-6/30/20	7/1/20-6/30/21
Federal Fiscal Year (FFY)	10/1/17-9/30/18	10/1/18-9/30/19	10/1/19-9/30/20	10/1/20-9/30/21

Table 1 at the end of the report includes federal funding that passes through the state budget, as well as funding that passes outside the state budget, such as the U.S. Department of Agriculture’s (USDA) Environmental Quality Incentives Program and USDA’s Rural Development low-cost loan program for municipalities.

Vermont Agency of Agriculture, Food and Markets (AAFM)

The Vermont Agency of Agriculture, Food and Markets (AAFM) receives federal funds to support its engineering capacity from the following programs related to water quality:

- U.S. Environmental Protection Agency (U.S. EPA) Section 319 Nonpoint Source Grant passthrough from Agency of Natural Resources (ANR) to AAFM. Section 319 supports 2.3 full time equivalent (FTEs) positions within AAFM. The Section 319 program is described below under the ANR section of this report.
- U.S. Department of Agriculture (USDA) Natural Resources Conservation Services (NRCS) Strategic Watershed Action Teams (SWAT), a program that focuses on the most critical sub watersheds to accelerate agricultural best practices implementation. The program funds 50 percent of two FTEs. Additionally, the program provides in-kind services, such as office space,

equipment, and a computer, for 1 FTE funded 100% by AAFM. In total, the SWAT agreement supports 3 FTEs.

- U.S. Department of Agriculture (USDA) Natural Resources Conservation Services (NRCS) VAAFM CREP Implementation grant agreement currently supports 50 percent of 1 FTE. The funded FTE provides technical assistance to implement services associated with the Conservation Reserve Enhancement Program (CREP), including planning and implementation of conservation practices.

Vermont Agency of Natural Resources (ANR)

The Agency of Natural Resources Department of Environmental Conservation (DEC) administers and funds most of the state's environmental programs. In SFY22, DEC will receive 36.3 percent of its funding (\$40.9 million of its \$118.7 million budget) from federal sources, primarily from the U.S. EPA.

Approximately \$20.5 million of these funds represent multiple grant awards for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF). The federal government decreased the U.S. EPA award to DEC through the Lake Champlain Basin Program from \$7,542,864 to \$7,098,606 for the FFY21 award. The SFY22 budgeted numbers reflect \$7.5 million of Lake Champlain Basin Program grants.

Section 319 Nonpoint Source Grant

U.S. EPA's FFY20 Section 319 Nonpoint Source Grant (PPG319) application was for \$1,203,995, a slight increase from last year's funding level of \$1,154,995. This funding represents approximately 6.0 percent of DEC's base federal funding of approximately \$20 million (excluding federal State Revolving Loan Fund Program).

The federal Clean Water Act Section 319 grant supports approximately 11.9 FTEs of DEC staff efforts to implement state clean water improvement projects. The grant focuses on addressing nonpoint source pollution – diffuse sources of water pollution caused by precipitation- or snowmelt-driven stormwater runoff from parking lots, roads and other hard surfaces and agricultural lands. Nonpoint source pollution is the leading cause of water use impairment to Vermont's surface water and ground water resources. Funding supports the implementation of the major nutrient TMDLs statewide, including the Lake Champlain TMDLs for phosphorus, the Lake Memphremagog TMDL for phosphorus, and the Long Island Sound/Connecticut River TMDL for nitrogen.

Pollution Control, Water Quality Monitoring (Section 106)

U.S. EPA's FFY20 Section 106 Water Quality Monitoring (PPG106) funds are \$1,089,505, representing a slight increase to the funded budget from last year's report showing the FFY19 award of \$1,020,265. The FFY20 which represents approximately 53 percent of DEC's base federal funding of approximately \$20 million (excluding federal State Revolving Loan Fund Program).

The federal Clean Water Act Section 106 funds support staffing and related expenses to support statewide water quality monitoring and assessments to ensure that the state's surface waters – rivers, streams, lakes, ponds, and wetlands – are safe for public uses, and that municipally-operated wastewater control facilities and other dischargers into surface waters operate in a manner that maintains good water quality.

Lake Champlain Basin Program

U.S. EPA's FFY21 Lake Champlain Basin Program (LCBP) grant to DEC (on behalf of the State of Vermont) is \$7,098,606. Approximately \$6 million of the \$7 million FFY21 Lake Champlain Basin Program award will contribute directly to Lake Champlain TMDL implementation projects. DEC is responsible for overall grant administration and reporting, including direct project management of \$3,098,606. Note that of the total amount for FFY21, Department of Fish and Wildlife (F&W) manages \$2,000,000 for wetland acquisition and restoration, and AAFM manages \$2,000,000 to support agricultural best management practice implementation and program development. The total funding level for FFY21 represents a \$444,260 decrease from FFY2020 funding level of \$7,542,866.

This funding is a result of work by Vermont's federal congressional delegation to commit federal funding to support implementation of the Lake Champlain Phosphorus TMDL and will largely be used to fund initiatives related to stormwater management, agricultural stewardship, and natural resources restoration. The LCBP funds also support 6.3 FTEs within DEC for FFY21 and the long-term monitoring program in Lake Champlain. The long-term monitoring data are used to identify public health risks and to track progress in implementing the Lake Champlain Phosphorus TMDL. The LCBP also routinely issues grant and contract opportunities to support the implementation of the Lake Champlain Phosphorus TMDL and to complement DEC's water quality programs throughout the watershed.

Clean Water State Revolving Fund (CWSRF)

The CWSRF is a federal-state partnership to provide municipalities and private entities access to low-cost financing for water quality infrastructure projects. The FFY21 capitalization grant appropriation maintained the more than 21 percent increase provided beginning with the FY18 appropriation. For Vermont, the FFY21 capitalization grant is \$7.779 million (nearly even with the FFY20 award of \$7.780 million). There is no change in the federal funding level for administration of Vermont's CWSRF program.

USDA Rural Development Program (USDA-RD)

The USDA-RD program focuses on helping rural communities (communities at or below 10,000 population) grow economically. USDA-RD offers these communities access to low-cost financing to support drinking water, wastewater treatment, and stormwater management. The USDA-RD program estimates up to \$20 million will be available to support water infrastructure in FFY21.

Vermont Agency of Transportation (VTrans)

Transportation Separate Storm Sewer System (TS4) Compliance

VTrans-managed state transportation highway network and associated non-highway transportation facilities are subject to a state DEC stormwater permit referred to as the TS4 Stormwater General Permit. VTrans uses state funds to leverage Federal Highway Administration (FHWA) Surface Transportation Block Grant (STBG) funds and Federal Aviation funds to support implementation of stormwater management and abatement practices for TS4 compliance. VTrans requests and receives Legislative approval annually for funding supporting its TS4 compliance efforts. These funds can be expended as stand-alone projects or can be used for these types of improvements as a component of other types of projects, which VTrans has routinely done. Aside from the State Fiscal Recovery funds described below, VTrans does not receive allocations of federal funds specifically for water quality improvement projects. Funds allocated and expended are at the discretion of VTrans and/or the Legislature. Funding levels noted in this report are estimates only.

Transportation Alternatives Program

The Transportation Alternatives Program is a federally funded program established through MAP-21 and signed into law in July 2012. MAP-21's replacement, the FAST ACT, continues funding for this program to support a variety of project types, including "any environmental mitigation activity, including pollution prevention and pollution abatement activities and mitigation to address stormwater management, control, and water pollution prevention or abatement related to highway construction or due to highway runoff." The Vermont Legislature directed VTrans to dedicate half of the available funding to these types of projects in SFY17 and to use the full amount of available funding to these types of projects in SFY18 and SFY19. For SFY20 and SFY21 there is no mandated set-aside, but municipalities may still apply for funding for these types of projects. Awards result in reimbursement grants that require 20 percent in matching funds from the grantee. Transportation Alternatives funds must be granted out to eligible entities and cannot be used to support VTrans operating costs.

Municipal Mitigation Assistance Program - Federal Highway Administration (FHWA) Surface Transportation Block Grant (STBG)

VTrans receives a set amount of STBG funds each federal fiscal year from FHWA. These funds are used for a variety of purposes, such as paving roads, rehabilitating or repairing bridges and improving infrastructure in downtowns. There is flexibility to use some of these funds for the activities described above in the Transportation Alternatives Program section, but at the expense of the other types of projects that VTrans funds. For SFY21, VTrans requested and received Legislative approval to utilize some of the FHWA STBG funds VTrans receives to grant out to municipalities. Awards result in reimbursement grants that require 20 percent in matching funds from the grantee.

American Rescue Plan Act / State Fiscal Recovery Funds

The American Rescue Plan Act (ARPA) provides for \$1.026B in State Fiscal Recovery (SRF) funds that is available for states to use in the areas of economic recovery, housing, broadband, climate, and water and sewer infrastructure. The General Assembly in the 2021 Big Bill, at Section G.700, outline several water and sewer appropriations that are relevant to this report. State agencies are in the process of developing programs to implement these appropriations, and through the implementation of those programs, will develop recommendations for additional appropriation that will be forwarded through the SFY 2023 budget process. As of this writing, the following specific SRF appropriations totaling \$30M are relevant to this report, and are presented by Agency in Table 1 (below):

- Treatment of stormwater runoff from "Three-Acre" sites: \$5.5M
- Clean Water Fund appropriations as recommended by the Clean Water Board \$10M
- Treatment of Combined Sewer and Sanitary Sewer Overflows: \$10M
- Treatment of stormwater runoff from Municipal and State Roads \$3.5M

Table 1: Summary of FFY21 Funding Related to Water Quality Improvements in Vermont

Sector	Federal Agency	Program	Program Description	Lead State Agency	FFY18 Budget	FFY19 Budget	FFY20 Budget	FFY21 Budget
Agriculture	USDA NRCS	USDA NRCS SWAT Program	Federal share of state FTEs to support agricultural best practice implementation at targeted watersheds	AAFM*	\$61,049	\$68,372 ^a	\$54,811	\$60,858 ⁱ
Agriculture	USDA NRCS	USDA VAAFMM CREP Implementation	Federal share of state FTE to support services associated with the Conservation Reserve Enhancement Program (CREP) including planning and implementation	AAFMM	n/a	n/a	\$33,093	\$42,581 ⁱ
Agriculture	USDA NRCS	Environmental Quality Incentives Program (EQIP)	Farm Bill program that supports conservation practices for water quality, soil health & ecosystem benefits	AAFMM*	\$13,882,226	\$13,548,000 ^b	11,038,000	\$10,740,000
Agriculture	USDA NRCS	RCPP EQIP	Agricultural & forestry water quality improvement practices in Champlain Basin	DEC*	\$1,507,553	\$1,265,000 ^b	\$0	\$0
Agriculture	USDA NRCS	Agricultural Land Easements (ALE)	Farm Bill program to conserve priority agricultural land	AAFMM*	\$2,502,000	\$3,291,000 ^b	\$3,408,399	\$3,252,522
Agriculture	USDA NRCS	RCPP ALE	Farm Bill program that focuses ALE in the Lake Champlain Basin	AAFMM*	\$1,182,500	\$171,000 ^b	\$349,300	\$0
Agriculture	USDA NRCS	Wetlands Reserve Easements WRE	Farm Bill program to restore & conserve priority wetlands	DEC*	\$153,032	\$1,103,000 ^b	\$788,729	\$740,696

Sector	Federal Agency	Program	Program Description	Lead State Agency	FFY18 Budget	FFY19 Budget	FFY20 Budget	FFY21 Budget
Agriculture	USDA NRCS	RCPP WRE	Farm Bill program that focuses WRE in Champlain Basin	DEC*	\$234,167	\$232,000 ^b	\$0	\$0
Agriculture	USDA NRCS	CREP	Farm Bill program that establishes landowner agreements to install woody vegetated buffers	AAFMM*	\$360,929	\$ 382,343 ^c	\$288,614 ^e	\$277,583 ^j
Agriculture	US Treasury	ARPA-SFR	Water Quality Grants to Partners and Farmers	AAFMM	n/a	n/a	n/a	\$3,500,000
All Sectors	US EPA	EPA Clean Water Act Section 319	Nonpoint Source Pollution Reduction	DEC	\$1,154,994	\$1,154,994	\$1,154,994	\$1,203,995
All Sectors	US EPA	EPA Clean Water Act Section 106	Water Quality Monitoring & Assessment	DEC	\$1,020,265	\$1,020,265	\$1,020,265	\$1,089,555
All Sectors	US EPA	EPA Lake Champlain Basin Program	Implementation of the Lake Champlain Management Plan	DEC	\$4,046,724	\$6,999,559	\$7,542,864	\$7,098,606
Clean Water Infrastructure	US EPA	EPA Clean Water State Revolving Fund	Low-cost financing for water quality infrastructure projects	DEC	\$7,859,000	\$7,779,000	\$7,780,000	\$7,779,000
Clean Water Infrastructure	USDA-RD	USDA Rural Development	Low-cost financing for water quality infrastructure projects in rural communities (< 10,000 population)	DEC*	\$20,000,000	\$25,876,000 ^d	\$18,416,000 ^d	\$20,000,000
Clean Water Infrastructure	US Treasury	ARPA-SFR	Municipal Pollution Control Grants	DEC	n/a	n/a	n/a	\$3,000,000
Clean Water Infrastructure	US Treasury	ARPA-SFR	Treatment of Combined Sewer and Sanitary Sewer Overflows	DEC	n/a	n/a	n/a	\$10,000,000
Clean Water Infrastructure	US Treasury	ARPA-SFR	Treatment of stormwater from unregulated "Three-Acre" sites – Direct Appropriation	DEC	n/a	n/a	n/a	\$5,500,000

Sector	Federal Agency	Program	Program Description	Lead State Agency	FFY18 Budget	FFY19 Budget	FFY20 Budget	FFY21 Budget
Clean Water Infrastructure	US Treasury	ARPA-SFR	Treatment of stormwater from “Three-Acre” sites – Clean Water Board Supplemental Support	DEC	n/a	n/a	n/a	\$3,500,000
Transportation	FHWA	TS4 Stormwater General Permit	Projects and maintenance practices to address Transportation Separate Storm Sewer System (TS4) compliance state highways and VTrans managed non-highway developed lands	VTrans**	\$4,000,000	\$4,000,000	\$5,000,000	5,000,000
Transportation	FHWA	Transportation Alternatives	Variety of transportation projects that meet eligibility criteria, one of which is environmental mitigation	VTrans***	\$2,200,000	\$2,200,000 ^e	\$2,200,000 ^e	\$2,200,000 ^e
Transportation	FHWA	Municipal Mitigation Assistance - Surface Transportation Block Grant	Variety of transportation projects that meet eligibility criteria, one of which is environmental mitigation	VTrans***	\$5,442,342	\$1,428,000	\$1,428,000	\$1,428,000
Transportation	US Treasury	ARPA-SFR	TS4 Phosphorus Control Planning for Stormwater Discharges	VTrans	n/a	n/a	n/a	\$3,000,000
Transportation	US Treasury	ARPA-SFR	Stormwater Mitigation for Municipal Roads	VTrans	n/a	n/a	n/a	\$500,000
TOTAL					\$65,667,352 ^f	\$70,518,533	\$60,503,069 ^h	\$89,913,396

State Lead Agency Footnotes

* Federal appropriations pass in whole or part outside of the state budget

** Federal funds shown are estimates only across multiple VTrans program areas and budgets.
*** Funds shown reflect the amount appropriated by the Legislature during each of the state fiscal years

Footnotes on dollar figures

- a. 8/7/2020 – AAFM total expenditures paid 10/1/2019 through 7/30/2020 for both SWAT and CREP
- b. 8/21/2019 – NRCS – O. Racicot for VAAFM - Ryan Patch – numbers rounded to nearest \$1,000
- c. 8/23/2019 – FSA – K. Peck for VAAFM – Jeff Cook – The total Vermont FSA paid 10/1/18 through 8/23/18 for CRP and CREP, including annual rental payments for all contracts, cost-shares and incentive payments.
- d. These figures comprise USDA RD planned spending for the federal fiscal year accounting for all water infrastructure projects, including wastewater, stormwater, and drinking water. It is not feasible to distinguish the relative proportions of each sector until that fiscal year is closed. Figure updated in this report to reflect actual FFY 20 spending.
- e. Depends upon the grant application; for FY20, federal reauthorization language may impact the eligibilities of this funding.
- f. The 2017 and 2018 versions of this annual report series included errors in the Table 1 total sum of federal funds for FFY17-18. The FFY17-18 total sums have been corrected in this 2019 report.
- g. 8/19/20 – FSA – Eileen Powers – The total Vermont FSA paid 10/1/19 through 8/19/20 for CRP and CREP, including annual rental payments for all contracts, cost shares, and incentive payments.”
- h. Figure updated to reflect actual USDA-RD expenditures from FFY20
- i. Expenditure 10/01/20 – 08/31/21
- j. FSA – Eileen Powers – The total Vermont FSA paid 10/1/20 through 8/31/21 for CRP and CREP, including annual rental payments for all contracts, cost shares, and incentive payments.

Key to Abbreviations:

AAFM: Vermont Agency of Food and Markets	RCPP: US Department of Agriculture Resource Conservation Performance Partnership
ALE: Agricultural Land Easements	SWAT: USDA NRCS Strategic Watershed Action Team
ARPA: American Rescue Plan Act	SFR: State Fiscal Recovery
CREP: US Department of Agriculture Conservation Reserve Enhancement Program	TMDL: Total Maximum Daily Load
DEC: Vermont Department of Environmental Conservation	USDA: US Department of Agriculture
EPA: US Environmental Protection Agency	TS4: Transportation Separate Storm Sewer System stormwater general permit
FTE: Full Time Equivalent; a staff position	VTrans: Vermont Transportation Agency
FHWA: Federal Highway Administration	WRE: USDA Wetlands Reserve Program
NRCS: USDA Natural Resources Conservation Service	