

FINAL STATE FISCAL YEAR 2026 (SFY26) CLEAN WATER BUDGET RECOMMENDATION

Recommended by the Clean Water Board (12/3/2024)

No.	Agency	Activity	SFY26 BASE FUNDS			SFY26 ONE-TIME FUNDS				SFY26 Compared to SFY25 One-Time Funds	Total SFY26 (Base + One-Time)	SFY26 Total Compared to SFY25 Total
			Clean Water Fund	Capital Bill	Subtotal Base Funds	Clean Water Fund Prior Year Unallocated/Unreserved ¹	Clean Water Fund Projected Interest Income ²	Subtotal One-Time Funds				
Clean Water Budget Statutory Priority Tier 1 (Items of Equal Priority)												
1.1	ANR-DEC (CWIP)	Water Quality Restoration Formula Grants to Clean Water Service Providers & O&M	7,210,000	-	7,210,000	-	-	-	-	(1,150,000)	7,210,000	(1,150,000)
1.2	ANR-DEC (CWIP)	Basin Planning, Basin Water Quality Council Participation, Education, and Outreach	750,000	-	750,000	-	-	-	-	-	750,000	-
1.3	Water Quality Enhancement Grants		-	-	-	-	-	-	-	-	-	-
1.3.1	ANR-DEC (CWIP)	Statewide Non-Regulatory Clean Water Projects	5,000,000	-	5,000,000	-	-	-	-	-	5,000,000	-
1.3.2	WVCR	Land Conservation and Water Quality Projects	-	2,000,000	2,000,000	-	-	-	-	-	2,000,000	-
1.4	A&M	Water Quality Grants to Partners and Farmers	8,000,000	3,000,000	11,000,000	2,553,113	2,000,000	2,000,000	1,786,887	-	13,000,000	4,340,000
1.4	Agency and Partner Operating Support		-	-	-	-	-	-	-	-	-	-
1.4.1	A&M	Program Support	1,000,000	-	1,000,000	300,000	-	-	-	-	1,000,000	100,000
1.5	ANR-DEC (CWIP)	Program and Partner Support	1,500,000	-	1,500,000	570,000	555,112	555,112	(144,888)	-	2,055,112	425,112
Tier 1 SUBTOTAL			23,460,000	5,000,000	28,460,000	3,223,113	2,555,112	2,555,112	491,899		31,015,112	3,715,112
Tier 1 % of Total			82%	59%	74%		42%	0%	34%			67%
Clean Water Budget Statutory Priority Tier 2 (Items of Equal Priority)												
2.1	Outreach and Implementation of Forestry Acceptable Management Practices for Maintaining Water Quality		-	-	-	-	-	-	-	-	-	-
2.1.1	ANR-FPR	Forestry Water Quality Practices and Portable Skidder Bridges	150,000	-	150,000	6,000	-	100,000	100,000	100,000	250,000	100,000
2.1.2	ANR-FPR	Implement BMPs at State Forests, Parks, and Recreational Access Roads	327,062	200,000	527,062	(22,938)	222,938	222,938	222,938	222,938	750,000	200,000
2.2	Municipal Stormwater Implementation		-	-	-	-	-	-	-	-	-	-
2.2.1	VTrans	Municipal Roads Grants-in-Aid (MRGP)	3,000,000	-	3,000,000	-	-	-	-	-	3,000,000	-
2.2.2	VTrans	Municipal Better Roads (MRGP)	1,000,000	-	1,000,000	-	750,000	750,000	(250,000)	-	1,750,000	(250,000)
2.2.4	ANR-DEC (CWIP)	Municipal Three-Acre General Permit and MS4 ³	-	-	-	-	-	-	-	-	-	-
2.3	VHCB	Water Quality Farm Improvement and Retirement Projects	-	800,000	800,000	-	-	-	-	-	800,000	-
2.4	ANR-DEC (CWIP)	Innovative or Alternative Technologies or Practices to Improve Water Quality	200,000	-	200,000	200,000	1,200,000	550,000	1,750,000	1,000,000	1,850,000	1,200,000
Tier 2 SUBTOTAL			4,677,062	1,000,000	5,677,062	183,062	2,172,938	550,000	2,822,938	1,872,938	8,500,000	1,250,000
Tier 2 % of Total			16%	19%	19%		36%	43%	37%			19%
Clean Water Budget Statutory Priority Tier 3												
3.1	ANR-DEC (WID)	Developed Lands Implementation Grants ⁴	200,000	-	200,000	200,000	1,300,000	1,300,000	1,300,000	1,300,000	1,600,000	1,500,000
Tier 3 SUBTOTAL			200,000	-	200,000	200,000	1,300,000	1,300,000	1,300,000	1,300,000	1,600,000	1,500,000
Tier 3 % of Total			1%	0%	1%		22%	0%	17%			3%
Clean Water Budget Other Priorities												
4.1	ANR-DEC (Labels)	Lake in Crisis Fund	120,000	-	120,000	-	-	-	-	-	120,000	-
4.2	A&A	Stormwater Utility Payments (ESF each)	20,000	-	20,000	-	-	-	-	-	20,000	-
4.3	ACCD	Water Connections and Downtown Transportation Fund	-	-	-	-	-	-	-	-	-	-
4.3	Center Bill Priorities		-	-	-	-	-	-	-	-	-	-
4.4	ANR-DEC (WVCR)	State Match to Clean Water State Revolving Fund (CWSRF) Federal Grant ⁵	-	-	-	(1,600,000)	-	-	-	-	-	(1,600,000)
4.5	ANR-DEC (WVCR)	Municipal Pollution Control Grants ⁶	-	4,000,000	4,000,000	700,000	-	-	-	-	4,000,000	700,000
4.6	A&A	Non-Federal Match	-	-	-	-	850,000	850,000	850,000	850,000	850,000	850,000
Other SUBTOTAL			145,000	4,000,000	4,145,000	(990,000)	-	850,000	850,000	850,000	4,995,000	(50,000)
Other % of Total			1%	40%	11%		0%	67%	11%			11%
Total Proposed for Appropriation⁷			28,482,062	10,000,000	38,482,062	2,706,175	6,028,050	1,500,000	7,528,050	3,714,937	46,010,112	6,421,112
Anticipated SFY26 Revenue/Sources			28,482,062	10,000,000	38,482,062	-	-	500,000	500,000	-	38,982,062	-
Estimated Revenue Available from Prior Year Unallocated/Unreserved			-	-	-	-	6,028,050	1,000,000	7,028,050	-	7,028,050	-
Anticipated Total Available			28,482,062	10,000,000	38,482,062		6,028,050	1,500,000	7,528,050		46,010,112	6,421,112
Balance/Total Available-Total Requested			-	-	-	-	-	-	-	-	-	-

Agency	SFY26 BASE FUNDS			SFY26 ONE-TIME FUNDS				SFY26 Compared to SFY25 One-Time Funds	Total SFY26 (Base + One-Time)	SFY26 Total Compared to SFY25 Total		
	Clean Water Fund	Capital Bill	Subtotal Base Funds	Clean Water Fund Unallocated/Unreserved ¹	Clean Water Fund Projected Interest Income ²	Subtotal One-Time Funds						
A&M	9,000,000	3,000,000	12,000,000	2,653,113	2,000,000	2,000,000	1,786,887	14,000,000	4,440,000			
ACCD	-	-	-	-	-	-	-	-	-			
ANR (DEC)	14,980,000	4,000,000	18,980,000	70,000	3,055,112	550,000	3,605,112	1,805,112	22,685,112	1,075,112		
ANR (FPR)	477,062	200,000	677,062	(16,938)	222,938	100,000	322,938	1,000,000	300,000			
A&A	20,000	-	20,000	-	-	850,000	850,000	850,000	870,000	850,000		
VHCB	-	2,800,000	2,800,000	-	-	-	-	2,800,000	-	2,800,000	-	
VTrans	4,000,000	-	4,000,000	-	750,000	750,000	(250,000)	4,750,000	(250,000)			
Total Proposed for Appropriation⁷			28,482,062	10,000,000	38,482,062	2,706,175	6,028,050	1,500,000	7,528,050	3,714,937	46,010,112	6,421,112

Footnotes:

¹ - Clean Water Fund unallocated/unreserved budgeted as one-time funds includes actual interest income accrued through the end of SFY24.

² - Clean Water Fund projected interest income budgeted as one-time funds is projected to accrue during SFY25 and SFY26. Interest income is not anticipated to be available as a long term source for budgeting and is therefore programmed as one-time funds.

³ - The "Municipal Three-Acre General Permit and MS4" line item was primarily funded with American Rescue Plan Act (ARPA) dollars, no longer available to budget in SFY25-26, but will be expended through December 2026/SFY27. In SFY25-26, activities previously supported by this line item will transition to a combination of Lake Champlain Basin Program federal funding (\$3 million available) and CWSRF financing.

⁴ - Three-Acre General Permit projects, which are the focus of the "Developed Lands Implementation Grants" line item, were primarily funded with American Rescue Plan Act (ARPA) dollars. ARPA dollars are no longer available to budget in SFY25-26, but will be expended through December 2026/SFY27. Three-Acre General Permit projects will eventually transition to a financing structure.

⁵ - The required state match to the CWSRF federal grant is fully covered by prior year funds in SFY25. This is a one-time pause in this line item and state match will be required again in SFY27 to continue to leverage substantial federal investment. In prior years, up to \$2.2 million has been needed.

⁶ - The SFY26 Clean Water Budget only covers \$4 million of the estimated \$20 million Municipal Pollution Control Grant need in SFY26. Need is estimated based on CWSRF financed projects in the pipeline eligible for that portion of the project to be covered by grant funds.

⁷ - Projected SFY26 Clean Water Fund revenue are based on the consensus revenue forecast adopted by the Vermont Emergency Board at its July 2024 meeting, summarized in the November 22, 2024 Clean Water Fund Operating Statement. Unallocated/unreserved funds proposed for appropriation as one-time funds are also based on the November 22, 2024 Clean Water Fund Operating Statement. Unallocated/unreserved balances materialize when actual revenue received exceeds projections and/or when revenue forecast adjustments are made after the Board's budget recommendation or its passage. Since the prior (SFY24) and current (SFY25) fiscal years already have approved budgets, any increases in revenue, whether actual or projected, become available as one-time surpluses in the following (SFY26) budget development process. Unallocated/unreserved revenue available for allocation in SFY26 are a combination of actual balances at the close of SFY24 and projected balances based on SFY25 revenue projections. Actual unallocated/unreserved balances at the close of SFY24 include \$2.4 million in interest income generated based on the overall Clean Water Fund balance. The Clean Water Fund balance generates interest based on all unexpended dollars in the Fund, including prior and current year revenues. Interest income is difficult to project and will vary year-to-year depending on interest rates and the rate of cashflow/withdrawals from the Fund. For the SFY26 Clean Water Budget, the Board has recommended projecting a conservative amount of interest income in SFY25 (\$1 million) and SFY26 (\$0.5 million) to be allocated as one-time funds. Interest income is not anticipated to be available as a long term source for budgeting and is therefore programmed as one-time funds.