

Federal Funding Related to Water Quality Improvement Efforts In Vermont, Interim Report



September 1, 2017

Prepared for the Vermont General Assembly in Accordance with Section E.700.1 of Act 85 (2017) (Amending 10 V.S.A. § 1389a).



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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.

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 section E.700.1 of Act 85 (2017) (amending 10 V.S.A. §1389a):

(3) On or before September 1 of each year, the Secretary of Administration shall submit to the Joint Fiscal Committee an interim report regarding the information required under subdivision (b)(5) of this section relating to available federal funding.

(b)(5) A summary of available federal funding related to, or for, water quality improvement efforts in the State.

The intent of this interim report is to identify potential reductions in federal clean water funding and the associated impacts to Vermont's clean water improvement programs, should cuts to federal funds occur. The report presents information by agency and federal funding program. The assessment of the potential impacts to Vermont are based on the Trump Administration's proposed [Budget of the U.S. Government, Fiscal Year 2018](#), since the Federal Fiscal Year (FFY) 2018 budget is currently under development by Congress.

The Trump Administration's proposed budget, in sum, would result in the loss of an estimated 18.4 positions that currently support Vermont's clean water programs. These positions are housed at the Vermont Department of Environmental Conservation (DEC) and the Agency of Agriculture, Food and Markets (AAFM) and are responsible for water pollution assessment and planning, pollution abatement project development, and grant administration. These positions are necessary for: the development of the state's watershed management and restoration plans referred to as tactical basin plans; the successful implementation of priority clean water improvement projects; development and implementation of federal Clean Water Act restoration plans referred to as Total Maximum Daily Loads (TMDLs);¹ the implementation of directives contained in the Vermont Clean Water Act (2015 Act 64); Vermont's ability to track progress towards meeting the state's clean water goals; and the successful administration of the clean water grants. A reduction in staffing levels will impede the state of Vermont's ability to administer these clean water programs and activities.

Updates on the U.S. Environmental Protection Agency (EPA) FY2018 budget are available on the [Environmental Council of States website](#).

¹ Federal Water Pollution Control Act of 1972, 33 U.S.C. Section 1251 et seq., Section 303(d).

Vermont Agency of Agriculture, Food and Markets (AAFM)

Current Funding

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:

- Section 319 Nonpoint Source Grant passthrough from Agency of Natural Resources (ANR) to AAFM. Section 319 supports 2.4 full time equivalent (FTEs) positions. 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 subwatersheds to accelerate agricultural best practices implementation. The program currently funds 50 percent of one FTE. AAFM is working with the Joint Fiscal Office (JFO) to increase funding to support an additional one FTE (at 50 percent cost share with NRCS).

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes to eliminate these programs. Assuming no replacement funds are available, AAFM would see a reduction in its engineering workforce of 3.4 FTEs, which is greater than a 50 percent reduction in the agency's current engineering capacity of six FTEs. The workforce reduction is due to the: (a) 2.4 FTEs (or 40 percent) reduction from the loss of Section 319 funds, and (b) one FTE (or 17 percent) reduction from the loss in NRCS SWAT funds.

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. DEC receives 43 percent of its budget (\$33.1 million of its \$77.8 million budget) from federal sources, primarily from the U.S. EPA. Approximately \$20 million of these funds represent multiple grant awards for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF).

Section 319 Nonpoint Source Grant

Current Funding

DEC's federal FY2017 Section 319 Nonpoint Source Grant (PPG319) application was for \$1,180,793 which represents approximately nine percent of DEC's base federal funding of approximately \$13 million (excluding federal State Revolving Loan Fund Program). The federal Clean Water Act Section 319 federal grant supports much of DEC's efforts to implement state clean water improvement projects. The grant focuses on 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 total maximum daily loads (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.

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes to eliminate the Section 319 Program, which would result in a reduction of 11 FTEs at DEC's Watershed Management Division, (in addition to the reduction of 2.4 FTEs

at AAFM described above). Assuming no replacement funds are available, the impact of this reduction to DEC's workforce is estimated to include: (a) over 50 percent reduction in river engineering technical and regulatory assistance (current workforce level is five FTEs); (b) elimination of river science that supports assessment, planning and implementation of river and floodplain restoration projects, (current workforce is three FTEs); (c) elimination of TMDL coordination, which involves public processes to identify impaired waterways that fail to meet Vermont's water quality standards, an assessment and determination of pollution reduction requirements, and the development of restoration plans, (current workforce is 1 FTE); (d) over 50 percent reduction in DEC's ability to track the state's progress in achieving water pollution reduction targets, (current workforce is 2 FTEs); and (e) over 75 percent reduction in senior leadership and expertise that manages DEC's Rivers Program, Lakes Program and Monitoring, Assessment and Planning Program (current workforce is 3 FTEs).

Pollution Control, Water Quality Monitoring (Section 106)

Current Funding

DEC's federal FY2017 Section 106 Water Quality Monitoring (PPG106) application was for \$1,114,980, which represents approximately 8.5 percent of DEC's base federal funding of approximately \$13 million (excluding federal State Revolving Loan Fund Program). The federal Clean Water Act Section 106 funds support water quality monitoring and assessments. Vermont uses these funds 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.

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes a 30 percent cut to the Section 106 grant. Assuming no replacement funds are available, this cut in the program budget would result in the reduction in DEC's workforce of at least two FTEs (out of 11 FTEs being supported by this grant or 18 percent). The reduction in staff will compromise DEC's ability to maintain water quality monitoring at current levels, thereby reducing the State's capacity to identify and mitigate public health threats.

Lake Champlain Basin Program

Current Funding

DEC's federal FY2017 Lake Champlain Basin Program (LCBP) application was for \$526,000, which represents approximately four percent of DEC's base federal funding of approximately \$13 million (excluding federal State Revolving Loan Fund Program). The LCBP funds support two FTEs and the long-term monitoring program in Lake Champlain. These monitoring data are used to identify public health risks and to track progress in implementing the Lake Champlain restoration plan, referred to as 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.

Potential Impacts from Proposed Reductions in Program Budget

The President's Budget proposes to eliminate the Lake Champlain Basin Program. Assuming no replacement funds are available, the elimination of this program will result in a reduction in workforce of two FTEs at DEC, including: (a) elimination of DEC's technical lake expertise for Lake Champlain

restoration efforts under the TMDL and elimination of DEC's capacity to monitor, conduct public outreach and provide technical assistance concerning cyanobacteria (blue-green algae) blooms (one FTE), and (b) the elimination of multi-agency coordination and public outreach associated with the restoration of Lake Champlain (one FTE). The elimination of funding for the Lake Champlain Basin Program will also halt Vermont's Lake Champlain long-term water quality monitoring program, which will hinder Vermont's ability to track progress in the restoration of Lake Champlain.

Clean Water State Revolving Fund (CWSRF)

Current Funding

The CWSRF is a federal-state partnership to provide municipalities access to low-cost financing for water quality infrastructure projects.

Potential Impacts from Proposed Reductions in Program Budget

The proposed budget nearly level-funds the CWSRF compared to the previous year, with a slight increase of \$4 million nationally. In 2016, the capitalization grant was \$6.525M and this year will be slightly less at \$6.474M. This will result in no changes to the administration of Vermont's CWSRF program.

USDA Rural Development Program (USDA-RD)

Current Funding

The USDA-RD program focuses on helping rural communities grow economically by offering access to low-cost financing to support water and wastewater services.

Potential Impacts from Proposed Reductions in Program Budget

The President's Budget proposes to reduce USDA-RD's budget by \$498 million, based on the rationale that "it duplicates the Environmental Protection Agency's (EPA) State Revolving funds (SRFs)." This reduction does not present an impact to ANR workforce. However, the SRF program funding levels do not adequately meet the need for low-cost financing to help replace aging infrastructure and wastewater treatment upgrades that are necessary to meet health and safety concerns. The USDA-RD program helps Vermont's rural communities address these concerns. For example, in 2016, USDA Rural Development provided over \$18 million in financing to Vermont communities for water and environmental projects.

Vermont Agency of Transportation (VTrans)

Transportation Alternatives Program

Current Funding

In FY2018, VTrans will receive \$2.2 million for the Transportation Alternatives Program – 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: (i) address stormwater management, control, and water pollution prevention or abatement related to highway construction or due to highway runoff." Per Act 38 of 2017, the full amount of Transportation Alternatives funds received in SFY2018-2019 will be used for the environmental mitigation activities, described above. Awards result in reimbursement grants that

require 20 percent in matching funds from the grantee. The \$2.2 million of Transportation Alternatives funds (\$4.4 million over two years) must be granted out to eligible entities and cannot be used to support VTrans operating costs.

Potential Impacts from Proposed Reductions in Program Budget

VTrans does not anticipate any impacts to this program’s funding levels.

Federal Highway Administration (FHWA) Surface Transportation Block Grant (STBG)

Current Funding

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. The funds can be expended as stand-alone projects or can be used to make these types of improvements as a component of other types of projects, which VTrans has routinely done.

Potential Impacts from Proposed Reductions in Program Budget

VTrans does not anticipate any impacts to this program’s funding levels.

Summary of Federal Funding Related to Water Quality Improvements in Vermont

Agency	Program	Total Reduction %	Reduction in FTE	Total Reduction in FTE by Agency
VAAFM	EPA Clean Water Act Section 319	100% Reduction	2.4 FTEs	
VAAFM	SUDA NRCS SWAT Program	100% Reduction	1 FTE	
VAAFM	TOTAL			3.4 FTE
DEC	EPA Clean Water Act Section 319	100% Reduction	11 FTEs	
DEC	EPA Section 106	30% Reduction	2 FTEs	
DEC	EPA Lake Champlain Basin Program	100% Reduction	2 FTEs	
DEC	EPA Clean Water State Revolving Fund	No Reduction		
DEC	TOTAL			15 FTEs
VT USDA	USDA Rural Development	100% Reduction	N/A	--
VTrans	Federal Highway Administration Transportation Alternatives	No Reduction	No Reduction	
VTrans	Federal Highway Administration Surface transportation Block Grant	No Reduction	No Reduction	
VTrans	TOTAL			0 FTE
TOTAL Reduction in Force				18.4 FTEs