

2018

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



August 31, 2018

Prepared for the Vermont General Assembly pursuant to 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 10 V.S.A. §1389a (amended by section E.700.1 of Act 85 (2017)):

(d)(3) 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.

(b)(5) 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 or not passed it until late in the fiscal year.

The federal fiscal year runs from October 1 to September 30th, while the state fiscal year runs from July 1st to June 30th:

	SFY17/FFY17	SFY18/FFY18	SFY19/FFY19
State Fiscal Year (SFY)	7/1/16-6/30/17	7/1/17-6/30/18	7/1/18-6/30/19
Federal Fiscal Year (FFY)	10/1/16-9/30/17	10/1/17-9/30/18	10/1/18-9/30/19

Traditionally the House and Senate of Congress pass a **concurrent** resolution in March that guides the adoption of 12 appropriations bills by October 1st of each year. In practice, Congress rarely passes all appropriations bills in any given year. Instead, Congress often passes a **continuing** resolution that continues spending at roughly the same level as the previous year and for a set amount of time.

On February 9, 2018, the President signed the Bipartisan Budget Act of 2018 (H.R. 1892), which authorized spending for federal fiscal years 2018 and 2019, and appropriated money through March 23, 2018. On March 23, 2018, the president signed the Consolidated Appropriations Act of 2018 (H.R. 1625), which funded the government through September 30, 2018.

As of this report, the Senate had passed nine out of the 12 committee-reported appropriations bills for Federal Fiscal Year 2019,¹ and the House had passed six. None of these bills have yet reached the President's desk and, therefore, FFY19 funding levels remain uncertain. Given the uncertainty regarding federal fiscal year 2019, this report presents information on federal fiscal year 2018, by agency and federal funding program.

Finally, the table 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.

¹ <https://www.leahy.senate.gov/press/082018minibusappropsfloorstatement>

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 2.4 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 subwatersheds to accelerate agricultural best practices implementation. The program currently funds 50 percent of two FTEs.

The table at the end of this report has a complete list of federal programs that support agricultural water quality improvements

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 SFY19, DEC will receive 42.3 percent of its funding (\$37.4 million of its \$88.4 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). In June 2018, the federal government increased the FFY 2018 Lake Champlain Basin Program award from \$526,000 to \$4,046,727; these SFY19 numbers reflect that increase.

Section 319 Nonpoint Source Grant

U.S. EPA's FFY 2018 Section 319 Nonpoint Source Grant (PPG319) application was for \$1,166,901, a slight decrease from last year's funding level of \$1,180,793. This funding represents approximately 6.7 percent of DEC's base federal funding of approximately \$17.4 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 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 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.

Pollution Control, Water Quality Monitoring (Section 106)

U.S. EPA's FFY 2018 Section 106 Water Quality Monitoring (PPG106) funds are \$1,068,929, a slight reduction from last year's report showing the FFY2017 award of \$1,114,980. The FFY2018 which represents approximately 6.2 percent of DEC's base federal funding of approximately \$17.4 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.

Lake Champlain Basin Program

U.S. EPA's FFY 2018 Lake Champlain Basin Program (LCBP) grant to DEC (on behalf of the state of Vermont) is \$4,046,724. DEC is responsible for overall grant administration and reporting, including direct project management of \$3,324,724. (Note that of this total amount for FFY 2018, AAFM manages \$722,000 to support agricultural best management practice implementation). The funding level for FFY 2018 represents a \$3,520,724 increase from FFY2017 funding level of \$526,000.² The amount for DEC represents approximately 23.3 percent of DEC's base federal funding of approximately \$17.4 million (excluding federal State Revolving Loan Fund Program). This increase is a result of work by Vermont's federal congressional delegation to increase federal funding to support implementation of the Lake Champlain Phosphorus TMDL and will largely be used to fund initiatives related to stormwater management and agricultural stewardship. The LCBP funds also support five FTEs within DEC for FFY 2018 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 access to low-cost financing for water quality infrastructure projects. The FFY2018 capitalization grant appropriation saw a nationwide increase of \$300 million, which is a significant increase compared to the previous year. For Vermont, the FFY2018 capitalization grant is \$7.859 million (an increase from FFY2017 of \$6.525 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.

Vermont Agency of Transportation (VTTrans)

Transportation Separate Storm Sewer System (TS4) Compliance

VTTrans-managed state transportation highway network and associated transportation facilities are subject to a state DEC stormwater permit referred to as the TS4 Stormwater General Permit. VTTrans uses state funds to leverage Federal Highway Administration funds to support implementation of stormwater abatement practices for TS4 compliance. VTTrans received approximately \$3.2 million and anticipate \$4 million for FFY 2017 and FFY 2018, respectively.

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

² <https://www.leahy.senate.gov/press/060418champlainfundingfactsheet>

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.” 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 type of projects in SFY 2018. 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.

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. The 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.

Summary

In sum, the total federal funds for water quality improvement efforts in Vermont was \$34.5 million in FFY17 and \$34.0 million in FFY18.

Table 1: Summary of FFY 2018 Funding Related to Water Quality Improvements in Vermont

Sector	Federal Agency	Program	Program Description	Lead State Agency	FFY2017 Budget	FFY2018 Budget
Agriculture	USDA	USDA NRCS SWAT Program	Federal share of state FTEs to support agricultural best practice implementation at targeted watersheds	AAFM	\$46,963	\$61,049
Agriculture	USDA	Environmental Quality Incentives Program (EQIP)	Farm Bill program that supports conservation practices for water quality, soil health & ecosystem benefits	AAFM*	\$13,714,242	\$13,882,226
Agriculture	USDA	RCCP EQIP	Agricultural & forestry water quality improvement practices in Champlain Basin	DEC*	\$3,445,984	\$1,507,553
Agriculture	USDA	Agricultural Land Easements (ALE)	Farm Bill program to conserve priority agricultural land	AAFM*	\$2,777,500	\$2,502,000
Agriculture	USDA	RCCP ALE	Farm Bill program that focuses ALE in Champlain Basin	AAFM*	\$2,558,925	\$1,182,500
Agriculture	USDA	Wetlands Reserve Easements WRE	Farm Bill program to restore & conserve priority wetlands	AAFM*	\$1,746,712	\$153,032
Agriculture	USDA	RCCP WRE	Farm Bill program that focuses WRE in Champlain Basin	DEC*	\$422,449	\$234,167
Agriculture	USDA	CREP	Farm Bill program that establishes landowner agreements to install woody vegetated buffers	AAFM*	\$445,449	\$360,929
All Sectors	US EPA	EPA Clean Water Act Section 319	Nonpoint Source Pollution Reduction	DEC	\$1,180,793	\$1,166,901
All Sectors	US EPA	EPA Clean Water Act Section 106	Water Quality Monitoring & Assessment	DEC	\$1,114,980	\$1,068,929
All Sectors	US EPA	EPA Lake Champlain Basin Program	Implementation of the Lake Champlain Management Plan ³	DEC	\$526,000	\$4,046,724
Clean Water Infrastructure	US EPA	EPA Clean Water State Revolving Fund	Low-cost financing for water quality infrastructure projects	DEC	\$6,525,000	\$7,859,000

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

** Funds shown reflect the amount appropriated by the Legislature during each of the state fiscal years.

³ See 2017 LCBP Opportunities for Action – the Lake Champlain management plan: <http://www.lcbp.org/about-us/opportunities-for-action/>

Table 1: Summary of FFY 2018 Funding Related to Water Quality Improvements in Vermont (continued)

Sector	Federal Agency	Program	Program Description	Lead State Agency	FFY2017 Budget	FFY2018 Budget
Clean Water Infrastructure	USDA-RD	USDA Rural Development	Low-cost financing for water quality infrastructure projects in rural communities (< 10,000 population)	DEC*	\$23,831,761	\$20,000,000
Transportation	FHWA	TS4 Stormwater General Permit	Projects to address stormwater discharges from state highways	VTrans**	\$3,200,000	\$4,000,000
Transportation	FHWA	Transportation Alternatives	Variety of transportation projects that meet eligibility criteria, one of which is environmental mitigation	VTrans**	\$1,100,000	\$2,200,000
Transportation	FHWA	Surface Transportation Block Grant	Variety of transportation projects that meet eligibility criteria, one of which is environmental mitigation	VTrans**	\$5,442,342	\$5,442,342
TOTAL					\$34,504,997	\$34,025,010

Key:

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

** Funds shown reflect the amount appropriated by the Legislature during each of the state fiscal years.

AAFM: Vermont Agency of Food and Markets

ALE: Agricultural Land Easements

CREP: US Department of Agriculture Conservation Reserve Enhancement Program

DEC: Vermont Department of Environmental Protection

EPA: US Environmental Protection Agency

FTE: Full Time Equivalent; a staff position

FHWA: Federal Highway Administration

NRCS: USDA Natural Resources Conservation Service

RCPP: US Department of Agriculture Resource Conservation Performance Partnership

SWAT: USDA NRCS Strategic Watershed Action Team

TMDL: Total Maximum Daily Load

USDA: US Department of Agriculture

TS4: Transportation Separate Storm Sewer System stormwater general permit

VTrans: Vermont Transportation Agency

WRE: USDA Wetlands Reserve Program