VERMONT

AGENCY OF AGRICULTURE, FOOD & MARKETS

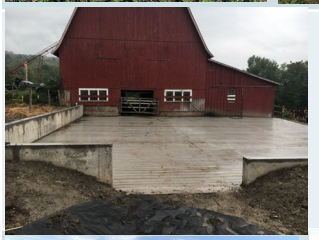
Capital Funding to AAFM Water Quality Grants to Farmers

Testimony to House Corrections & Institutions March 28, 2024

Overview

- CWB Board Budget Process Overview
- Clean Water Goals and Progress
- BMP Program - Project Examples
- VAAFM Capital Funding
- Incoming IRA Funding

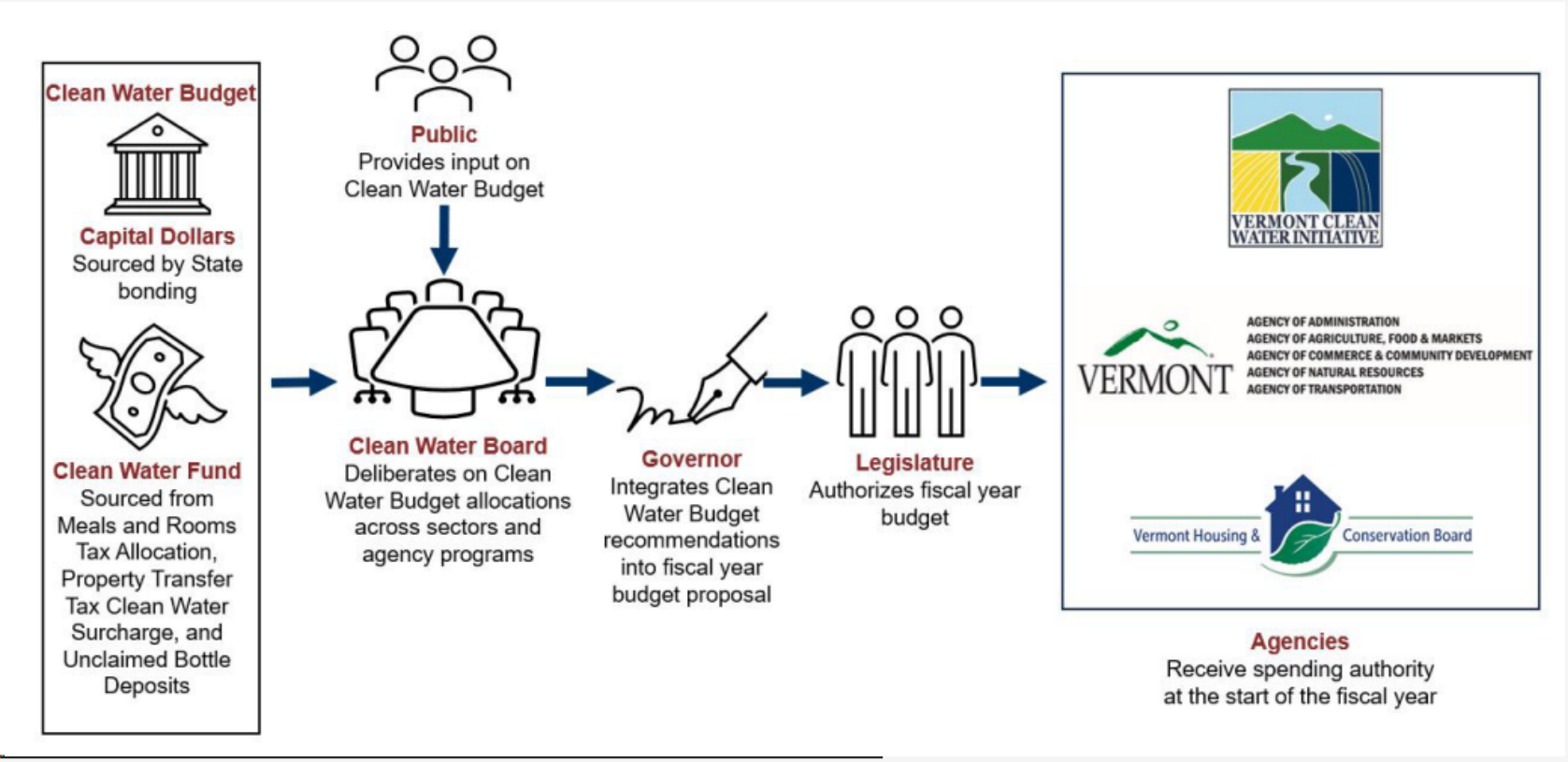
AAFM WQ Programs

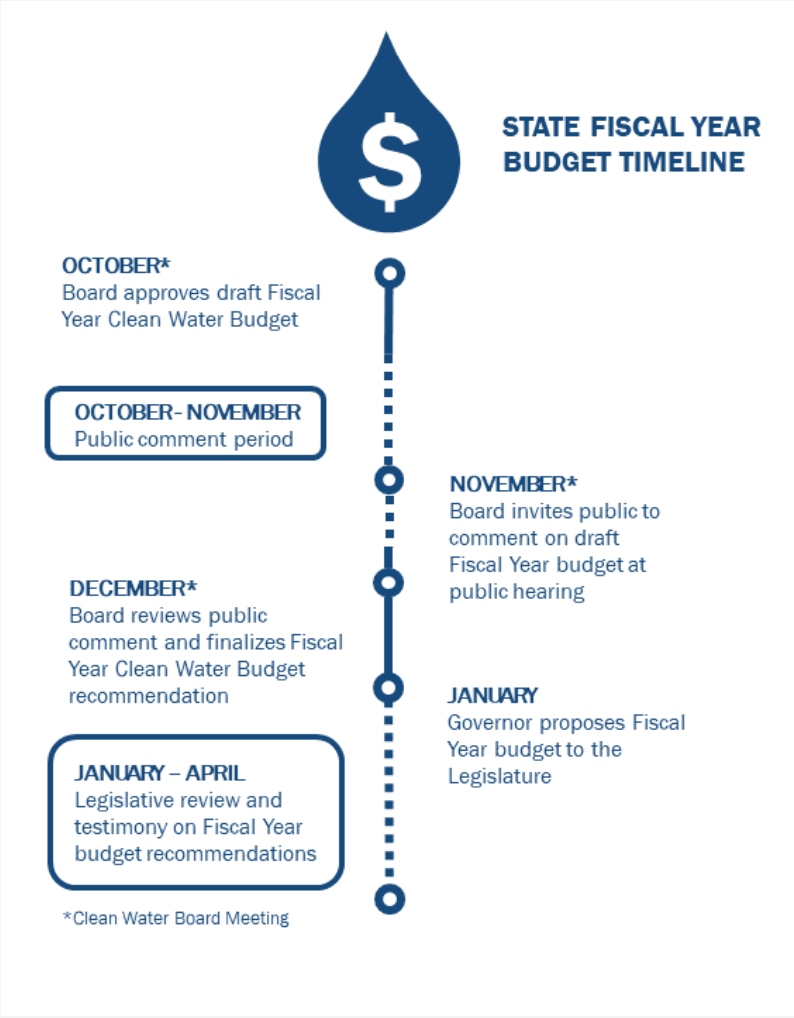
PROGRAM	DESCRIPTION	
Farm Agronomic Practices Program **FAP**	Financial assistance to Vermont farms for implementation of soil-based agronomic practices that improve soil quality and reduce runoff and erosion. Financial assistance for educational or instructional activities also available. **Per/acre payment rates based on practice type.**	  
Best Management Practices Program **BMP**	Technical and financial assistance program focusing on engineered and structural on-farm improvements which protect or promote water quality. Up to 90% State cost share towards eligible practices & expenses.	 
Conservation Reserve Enhancement Program **CREP**	Technical and financial assistance program designed to reduce sediment runoff and improve water quality by removing land from agricultural production and establishing vegetative buffers. Up to 100% cost share towards implementation costs, plus incentive, annual rental, & maintenance payments.	  
Capital Equipment Assistance Program **CEAP**	Financial assistance for new or innovative equipment that will improve water quality, improve manure management, separate phosphorus (P) from manure, or decrease greenhouse gas emissions. Funding limits dependent on equipment type. Up to 90% State cost share.	 
Grassed Waterway and Filter Strip Program **GWFS**	Technical and financial assistance to address erosion and surface runoff through the establishment of perennially vegetated and harvestable grassed waterways, filter strips, and critical source area seedings. Per acre incentive payments and up to 90% State cost share for implementation costs.	 

AAFM WQ Programs

PROGRAM	DESCRIPTION	
Pasture and Surface Water Fencing Program **PSWF**	Pasture management technical and financial assistance to Vermont farmers to improve water quality and on-farm livestock exclusion from surface waters statewide. Up to 90% State cost share for implementation costs.	 
Vermont Farmers Ecosystem Stewardship Program **VFESP**	Supplemental financial assistance to support farmers to enroll in the USDA-NRCS Conservation Stewardship program (CSP). Payment for completing CSP assessment. Additional payment for signing CSP contract.	 
Vermont Pay for Performance Program **VPFP**	Innovative, performance-based program which provides financial compensation for reducing phosphorus (P) losses from farms. Payment based on modeled P reductions across farm operation.	 
Agricultural Clean Water Initiative Program **AGCWIP**	Funding opportunities for local and regional partners to work with farms to support the improvement of water quality across the state of Vermont through education and outreach, technical assistance, organizational capacity development, and conservation practice surveys.	 

Clean Water Board Budget Process & Timeline





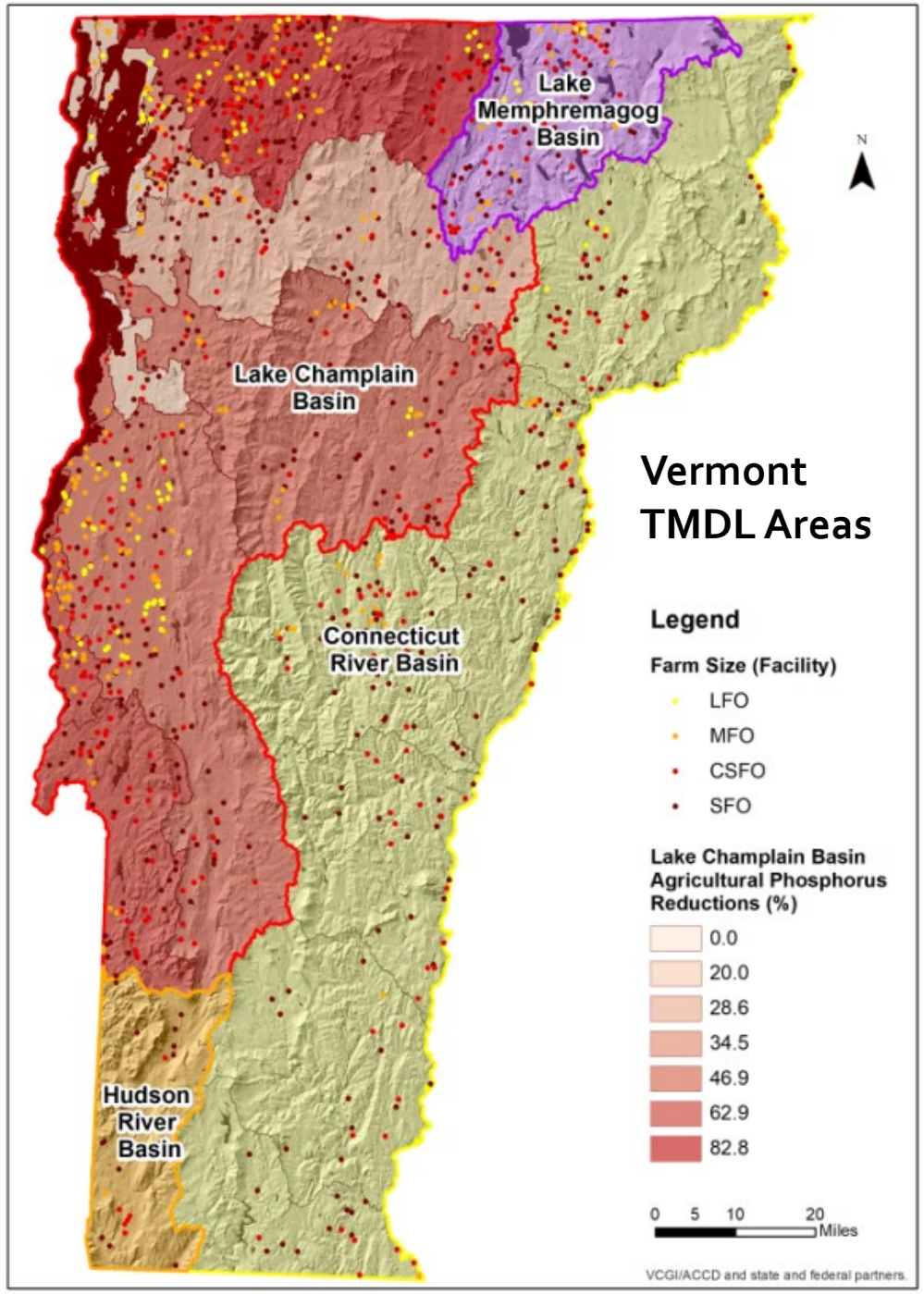
FINAL STATE FISCAL YEAR 2025 (SFY25) CLEAN WATER BUDGET RECOMMENDATION

Recommended by the Clean Water Board on (12/5/2023)

No.	Agency	Activity	SFY25 BASE FUNDS: Clean Water Fund	Capital Bill (SFY25 Capital Budget Target = $6m)[1]	Filling the $4m Base Gap from SFY25 Capital Bill with Clean Water Fund Unallocated/ Unreserved	Subtotal Base Funds	SFY25 Compared to SFY24 Base Funds	SFY25 ONE-TIME FUNDS: Clean Water Fund Prior Year Unallocated/ Unreserved	American Rescue Plan Act (ARPA)[2]	Subtotal One-Time Funds	SFY25 Compared to SFY24 One-Time Funds	Total SFY25 (Base + One-Time)	SFY25 Total Compared to SFY24 Total
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		1,150,000	-	8,360,000	-
1.2	ANR-DEC (CWIP)	Basin Planning, Basin Water Quality Council Participation, Education, and Outreach	750,000			750,000	100,000			-	-	750,000	100,000
1.3	*Water Quality Enhancement Grants*												
1.31	ANR-DEC (CWIP)	Statewide Non-regulatory Clean Water Projects	5,000,000			5,000,000							
1.32	VHCB	Land Conservation and Water Quality Projects			2,000,000	2,000,000							
1.4	AAFM	Water Quality Grants to Partners and Farmers	6,696,887	550,000	1,200,000	8,446,887							
1.5	*Agency and Partner Operating Support*												
1.51	AAFM	Program Support	900,000			900,000							
1.52	ANR-DEC (CWIP)	Program and Partner Support	930,000			930,000							

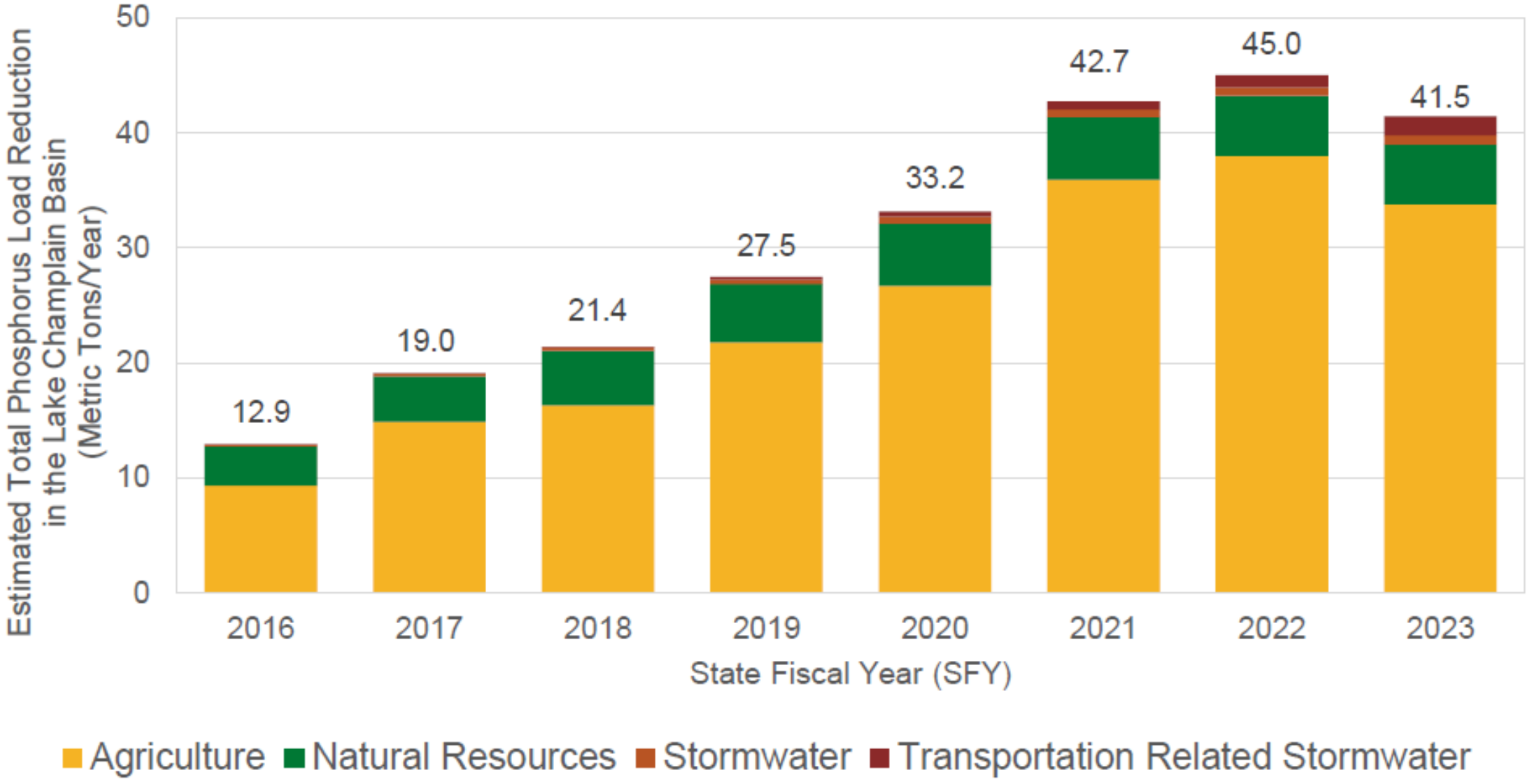
Final SFY 2025 Clean Water Budget Recommendation by Agency

Agency	SFY25 BASE FUNDS: Clean Water Fund	Capital Bill (SFY25 Capital Budget Target = $6m)[1]	Filling the $4m Base Gap from SFY25 Capital Bill with Clean Water Fund Prior Year Unallocated/ Unreserved	Subtotal Base Funds	SFY25 Base Compared to SFY24 Base	SFY25 ONE-TIME FUNDS: Clean Water Fund Prior Year Unallocated/ Unreserved	American Rescue Plan Act (ARPA)[2]	Subtotal One-Time Funds	SFY25 Compared to SFY24 One-Time Funds	Total SFY25 (Base + One-Time)	SFY25 Total Compared to SFY24 Total
AAFM	7,596,887	550,000	1,200,000	9,346,887	459,906	213,113	-	213,113	(2,786,887)	9,560,000	(2,326,094)
ACCD	-	-	-	-	-	-	-	-	-	-	-
ANR (DEC)	14,010,000	4,900,000	-	18,910,000	(356,731)	2,600,000	-	2,600,000	(6,151,250)	21,510,000	(6,507,981)
ANR (FPR)	144,000	550,000	-	694,000	387	-	-	-	-	694,000	387
AoA	25,000	-	-	25,000	25,000	-	-	-	(100,000)	25,000	(75,000)
VHCB	-	-	2,800,000	2,800,000	-	-	-	-	-	2,800,000	-
VTrans	4,000,000	-	-	4,000,000	-	1,000,000	-	1,000,000	-	5,000,000	-
Total Proposed for Appropriation[3]	26,775,887	6,000,000	4,000,000	36,775,887	128,644	3,813,113	-	3,813,113	(9,038,137)	39,589,000	(8,909,493)


Lake Memphremagog Basin
Lake Champlain Basin
Connecticut River Basin
Hudson River Basin
N
Vermont TMDL Areas
Legend
Farm Size (Facility)
LFO
MFO
CSFO
SFO
Lake Champlain Basin Agricultural Phosphorus Reductions (%)
0.0
20.0
28.6
34.5
46.9
62.9
82.8
0 5 10 20
Miles
VCGI/ACCD and state and federal partners.

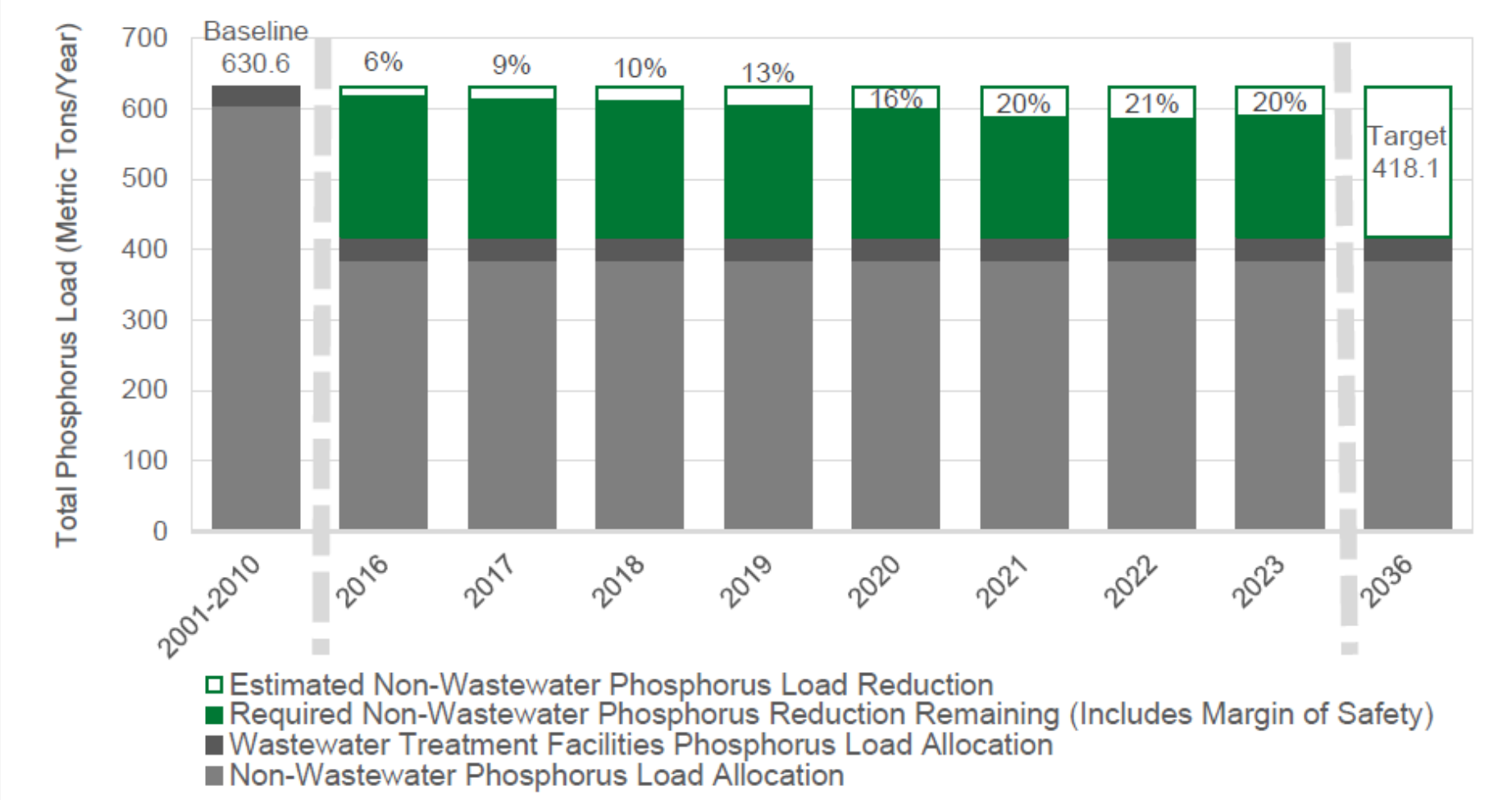
CLEAN WATER PERFORMANCE REPORT

Lake Champlain Estimated Reductions

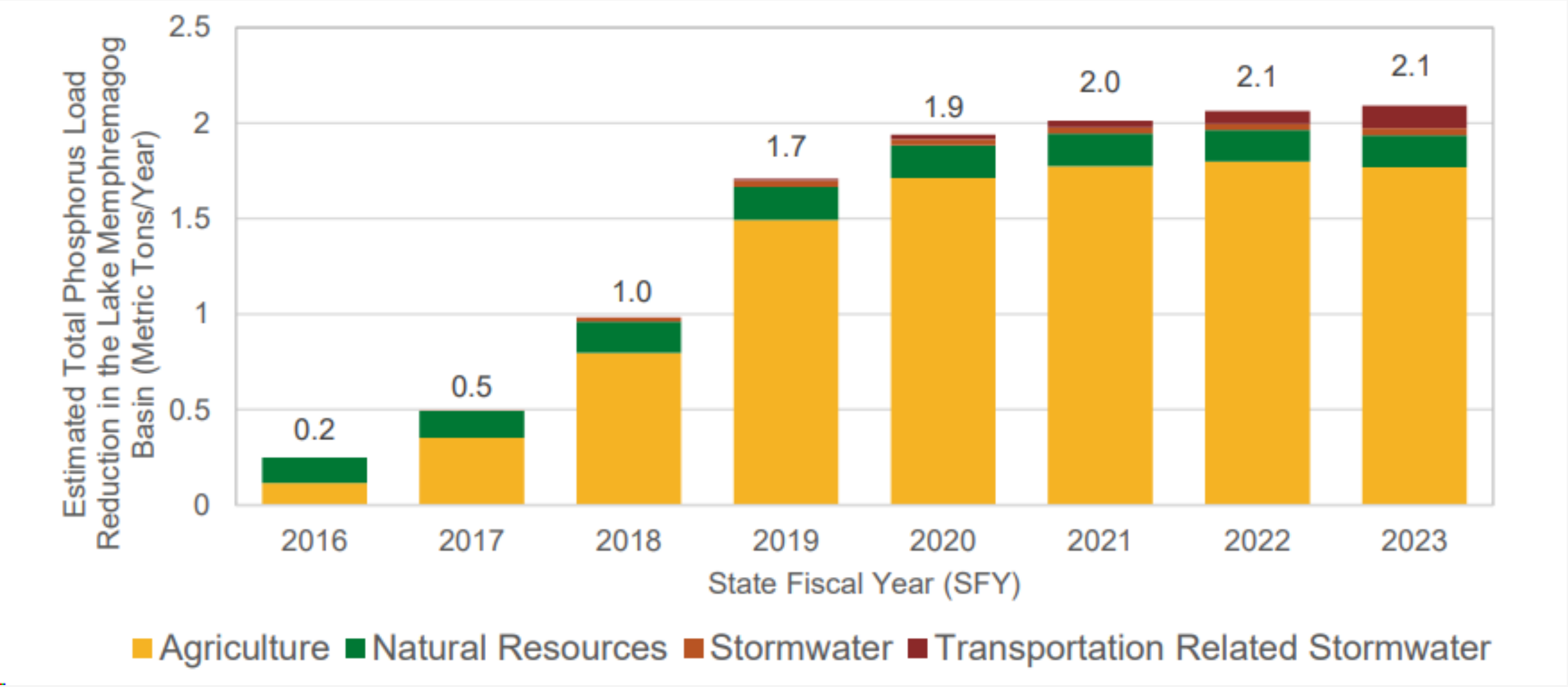


Lake Champlain TMDL Progress

Estimated total phosphorus load reductions in effect during SFY 2016–2023 relative to the Lake Champlain TMDL total phosphorus baseline and target total phosphorus load in metric tons per year.

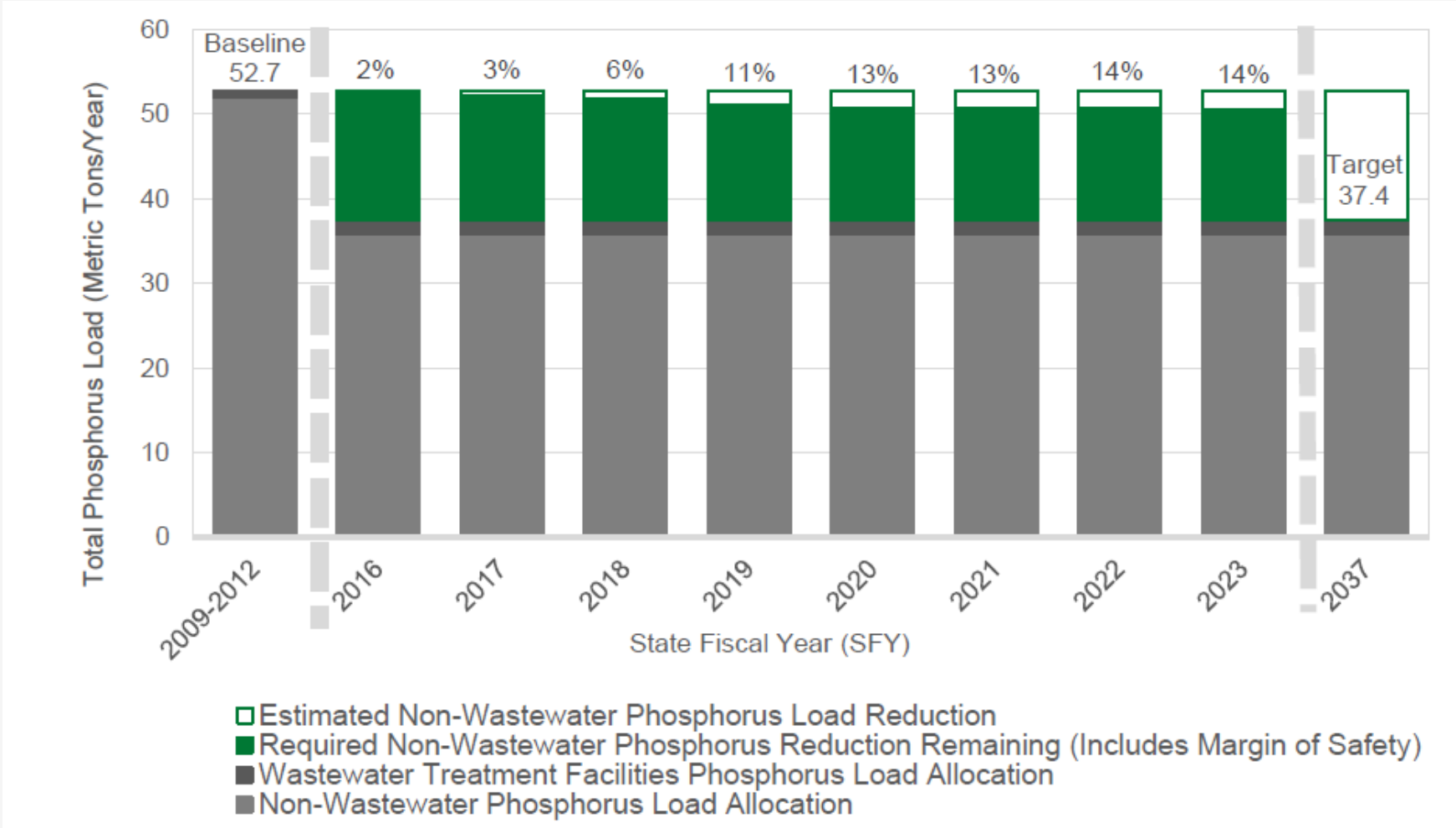


Lake Memphremagog Estimated Reductions



Lake Memphremagog TMDL Progress

Estimated total phosphorus load reductions in effect during SFY 2016–2023 in the context of the Lake Memphremagog TMDL total phosphorus baseline and target total phosphorus load in metric tons per year.



Vermont's Clean Water Investments in the Connecticut River Basin

Click symbol to view description of accountability measures.

Reaching the Connecticut River basin's water quality goals requires investments across all land use sectors. The following figure summarizes state clean water investments in the Connecticut River basin from SFY 2016 to 2023. Federal funds awarded to projects directly by federal agencies are not included in this report as they are outside the scope of this report.

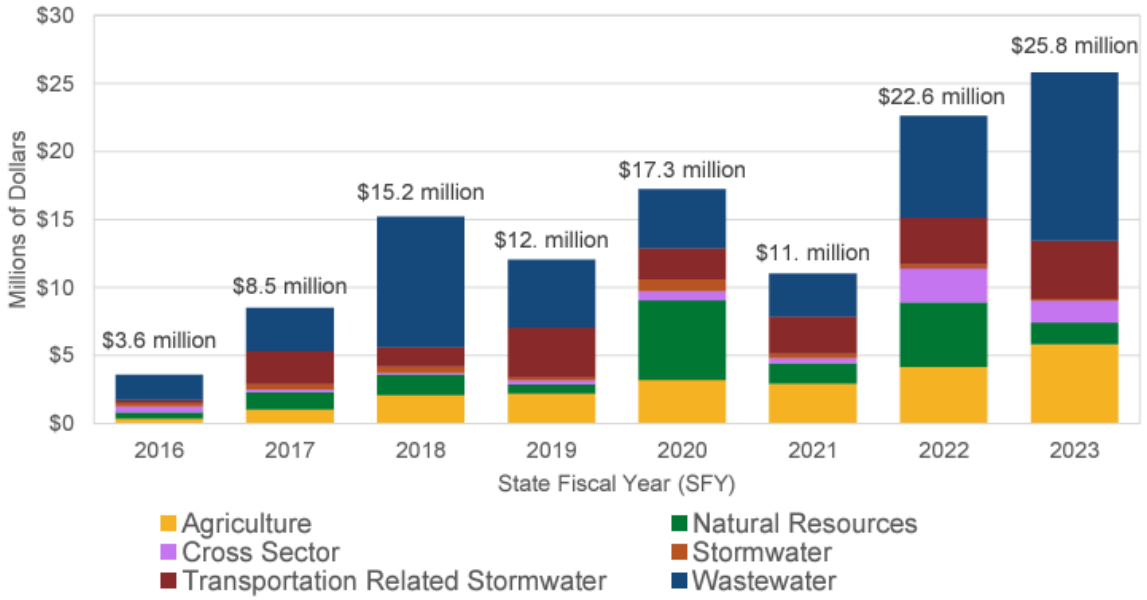


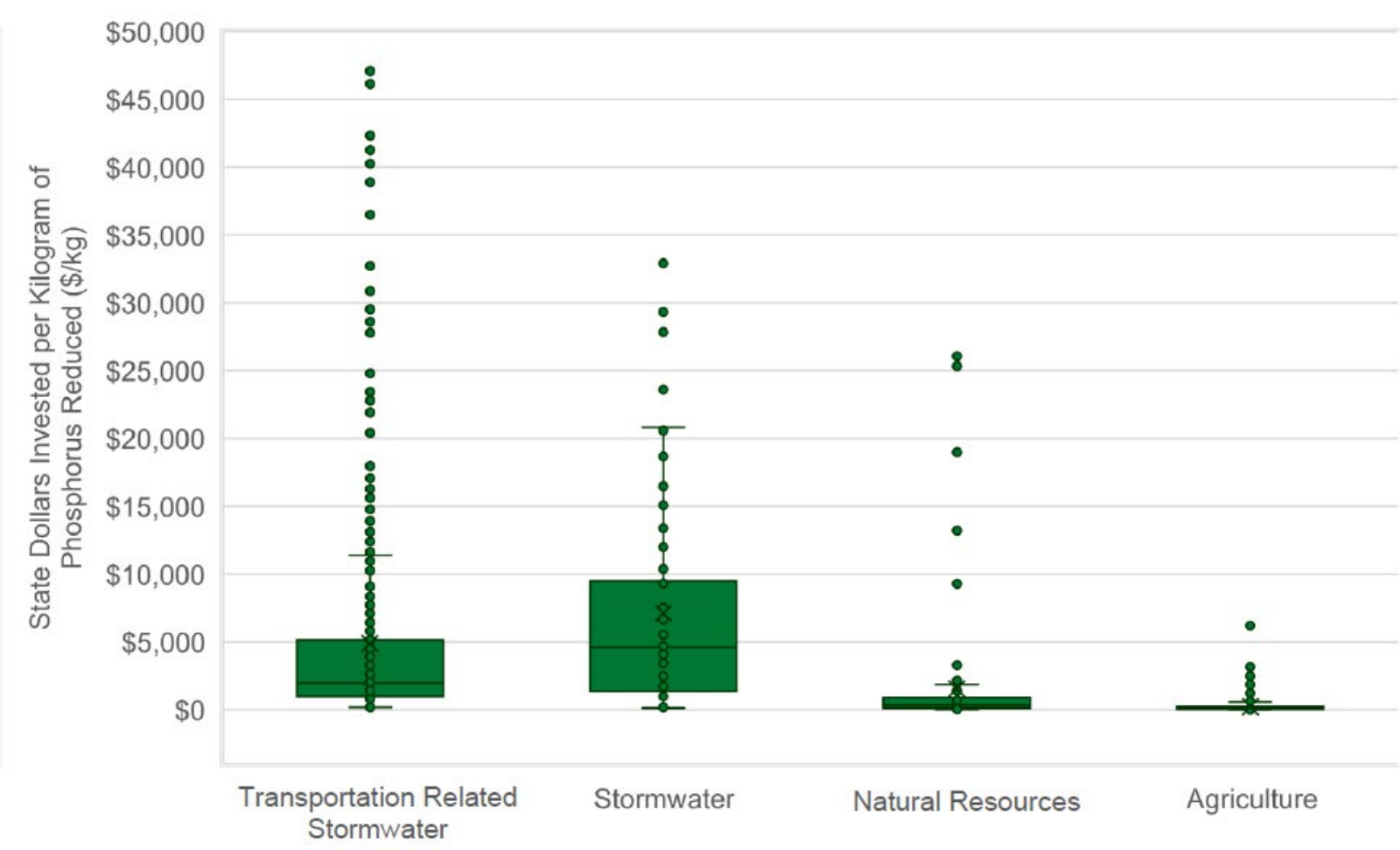
Figure 34: Total dollars awarded by State of Vermont agencies to clean water projects in the Connecticut River basin by land use sector, SFY 2016–2023.

Future Total Nitrogen Load Reduction Tracking

Nitrogen reduction estimates cannot be reported for the Connecticut River basin, as the State of Vermont does not yet have baseline nitrogen loading rates or nitrogen reduction efficiencies for clean water projects in the Connecticut River basin. EPA-supported efforts are underway to develop consistent methods for all five states covered under the Long Island Sound TMDL to estimate nitrogen reductions for clean water projects. Vermont will set a schedule to publish methods to account for nitrogen reductions in the Connecticut River basin to comply with Vermont's Clean Water Service Delivery Act, Act 76 of 2019 (10 V.S.A. § 923) and to align with ongoing five state nitrogen tracking coordination efforts.

Cost Efficiency of Clean Water Projects:

Dollars invested per estimated kilogram of total phosphorus load reduced over the effective lifespan of each project type



Best Management Practice (BMP) Program

- **Technical assistance to** identify and assess farmstead water quality concerns, and to assist farmers in the implementation of structural improvements designed to abate agricultural waste discharges to Vermont waters.
- **Financial assistance** is available for farmers implementing a water quality project through the USDA NRCS Environmental Quality Incentive Program or for implementing structural practice without federal assistance to improve water quality.

Example Calculation

Project Costs	$550,000		
		Percent	Cost-Share Restrictions
Federal Contribution	$350,000	64%	75% max
State Contribution	$100,000	18%	15%-90%
Farmer Contribution	$100,000	18%	10% and up

Program staff aim to help Vermont farmers achieve and maintain regulatory compliance in a way that is both viable for the operation of the farm and beneficial to water quality.

BMP Project – Highgate VT

VAAFM staff inspected Laroche Dairy & Sons in September of 2022 and observed a muddy feed bunk area where there was no collection system for the leachate runoff. The inspector identified the leachate was running off directly into a field, which would eventually lead to Lake Champlain.

A paved bunk apron was installed in August 2023, which improved this area by sending leachate directly into the manure pit and preventing run-off into nearby waterways.

State Costs - $61,449.75

BMP Project – Wheelock, VT

Chandler Pond Farm is a small, diversified farm producing grass-fed beef, vegetables, and berries. The farmer, Mark Dill, reached out to one of the BMP engineers for technical assistance to improve their outside barnyard. The BMP engineer observed a "mud hole" where the cows were feeding with no runoff collection.

The engineer recommended a woodchip barnyard, installed in 2022. These are heavy use areas that use woodchips as a base material instead of concrete, which is often a cost barrier to implementation

State Costs - $88,395.18

BMP Project – Barton, VT

In order to satisfy the organic requirement for daily time outside, the Decker farm was allowing their milking cows access to a hillside next to the barn. With no infrastructure in place, this can cause problems like soil erosion and manure runoff into drainage ditches and streams.

The BMP Program assisted the farm to construct a new concrete barnyard in May 2023, pitched towards the existing gutter cleaner system in the barn so that cows can easily go outside in nearly any weather. The system ensures that all manure and nutrients are contained and transferred to the manure pit.

State Costs - $86,625

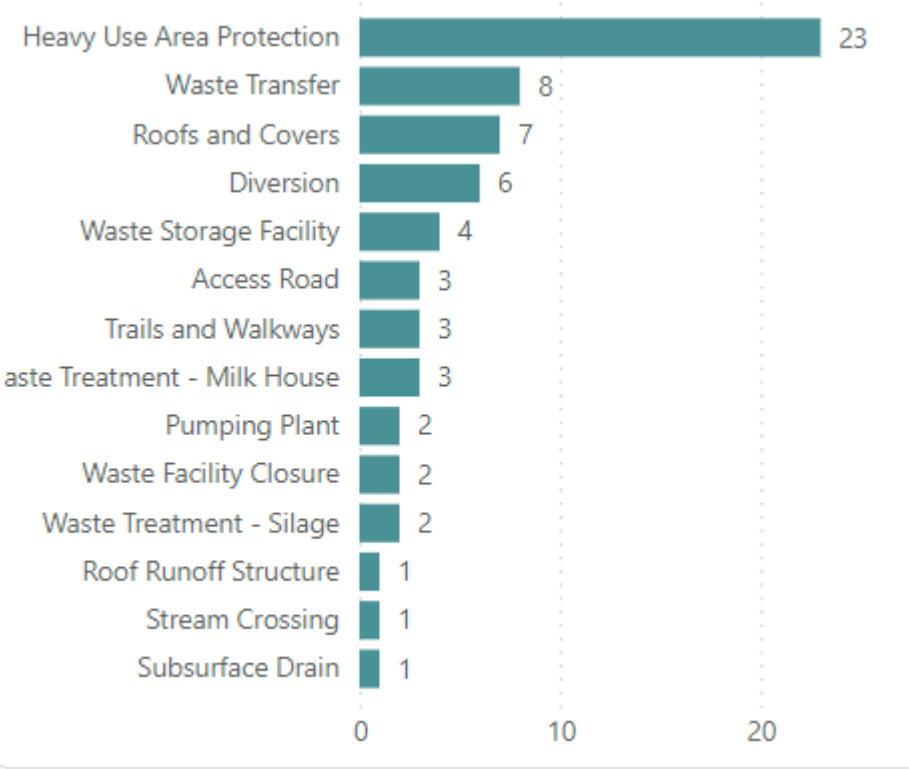
Before (left) and after (right) installation of a Best Management Practice (BMP) project on a small farm in Swanton, VT.

Before (left) and after (right) installation of a BMP project on a small farm in Georgia, VT.

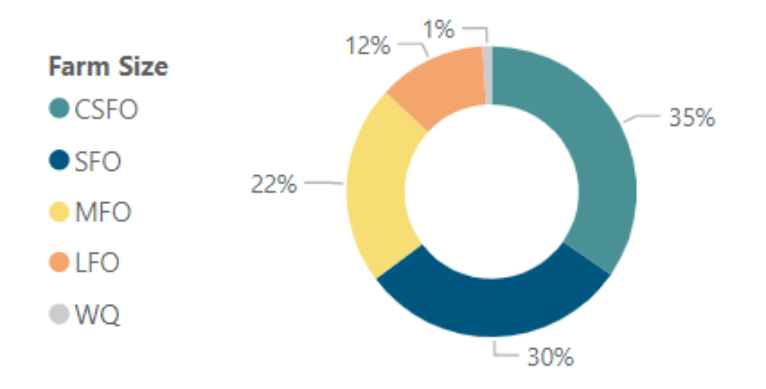
Best Management Practice (BMP) Program SFY2023

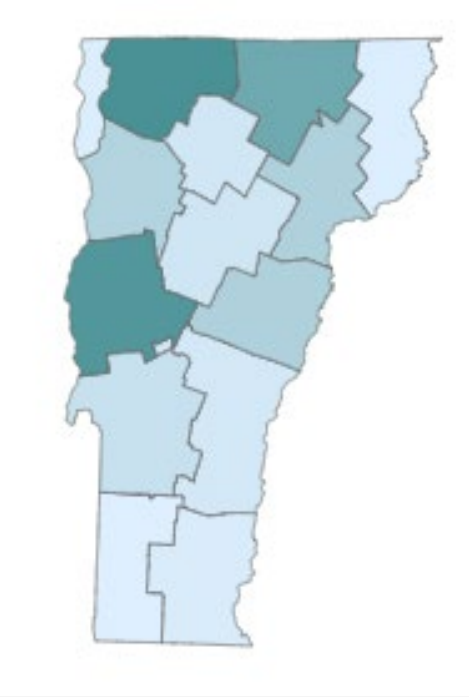
66 Grant Projects
194 Practices Installed
1,008 Visits to 287 Farms

Structural Practices Installed



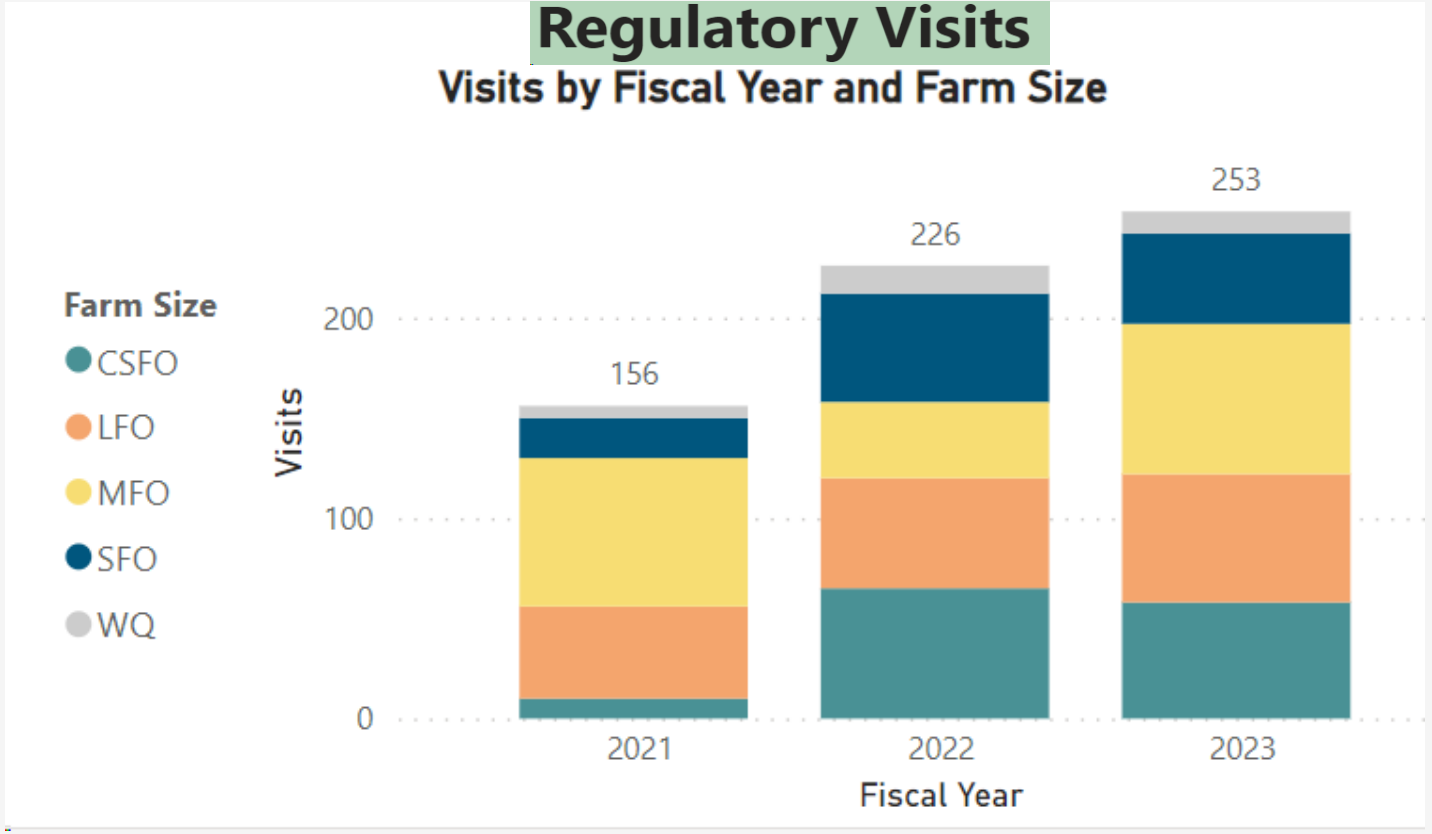
Technical Assistance Visits

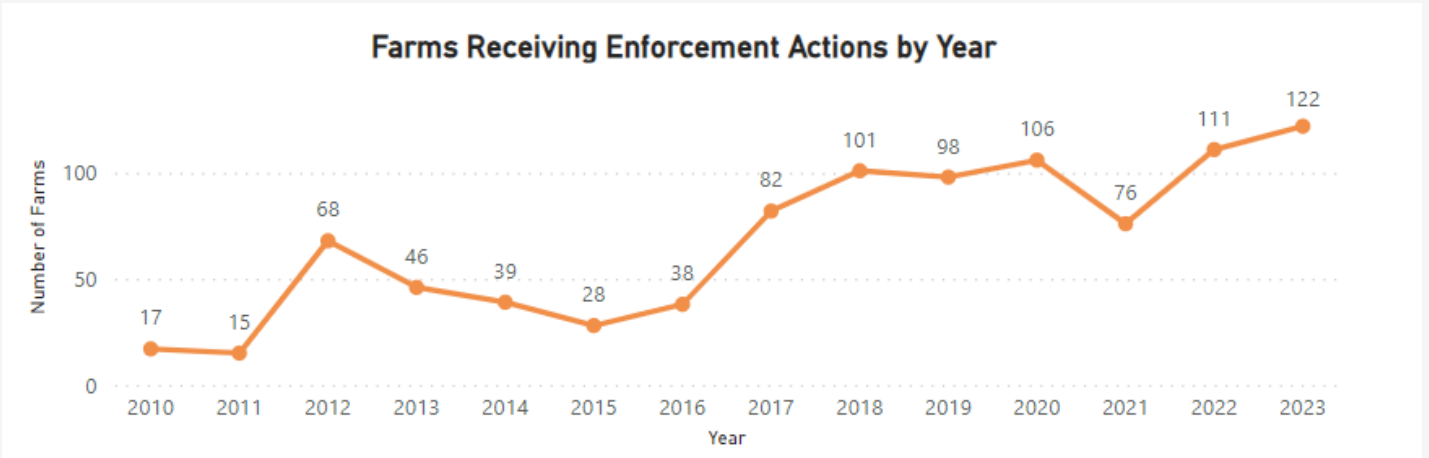




Accountability

Regulatory Visits





Update on the $6M in the BAA

"Our program is prepared to obligate all of the $6 million in recent ARPA funding through the budget adjustment across roughly 65 individual projects to reduce water quality runoff from farm production areas."[1]

Adjusted Annual Allocations

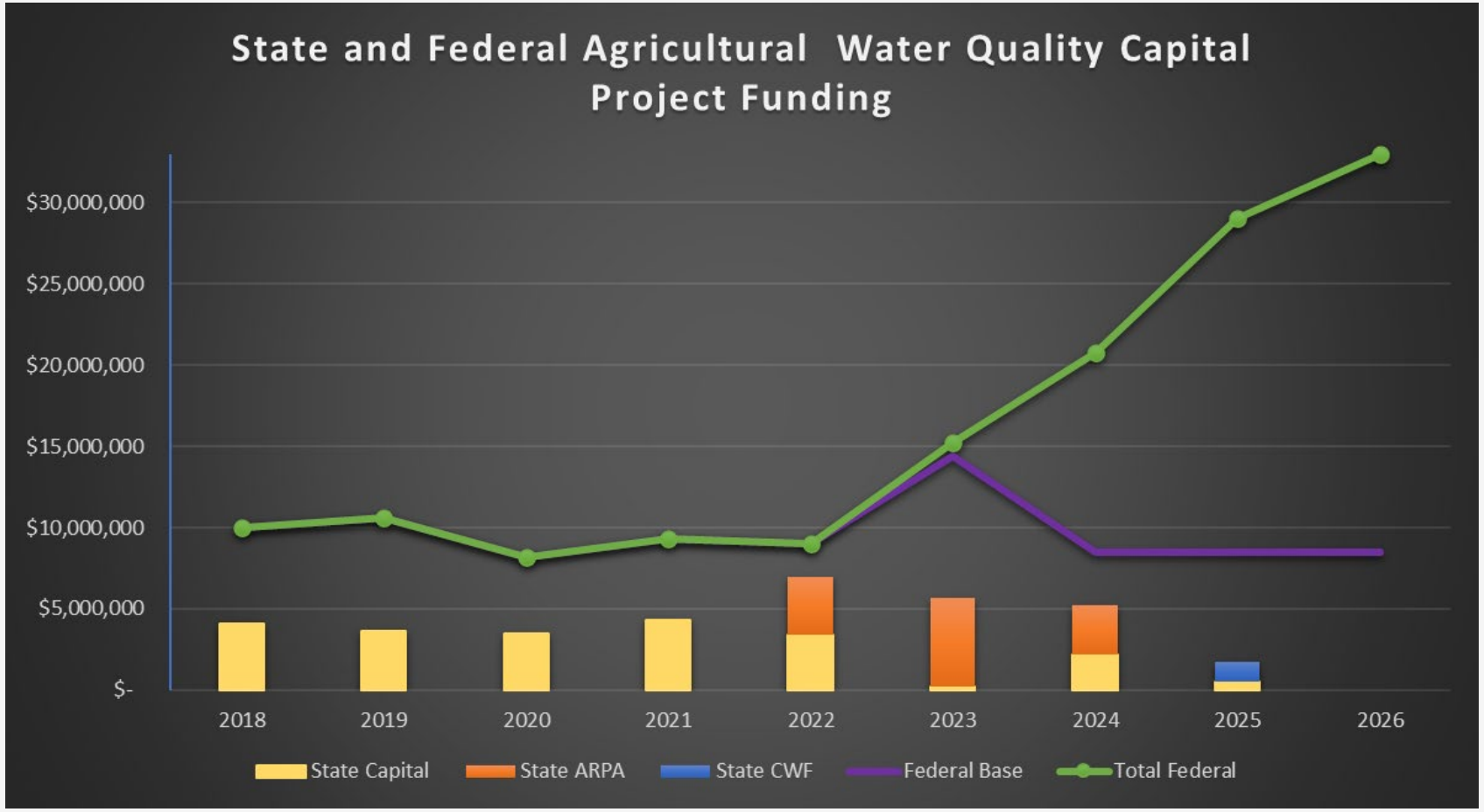
	ARPA	Capital	Capital BAA	CWF	Total by FY	Change
2022	$ 3,500,000	$ 3,436,109			**$ 6,936,109**	
2023	$ 5,451,781	$ 200,000			**$ 5,651,781**	19%
2024	$ 3,000,000	$ 2,202,019			**$ 5,202,019**	8%
2025	$ -	$ 550,000		$ 1,200,000	**$ 1,750,000**	66%
Total by Fund	**$ 11,951,781**	**$ 6,388,128**	**$ -**	**$ 1,200,000**	**$ 19,539,909**	

Appropriated Annual Allocations

	ARPA	Capital	Capital BAA	CWF	Total by FY	Change
2022	$ 3,500,000	$ 3,436,109			**$ 6,936,109**	
2023	$ 2,451,781	$ 200,000			**$ 2,651,781**	62%
2024	$ -	$ 2,202,019	$ 6,000,000		**$ 8,202,019**	-209%
2025	$ -	$ 550,000		$ 1,200,000	**$ 1,750,000**	79%
Total by Fund	**$ 5,951,781**	**$ 6,388,128**	**$ 6,000,000**	**$ 1,200,000**	**$ 19,539,909**	

[1]March 22,2024 memo House Corrections and Institutions Committee. Project details provided in a March 19, 2024 memo to House Corrections and Institutions Committee pages 6-8.

Vermont Funding for Water Quality Projects



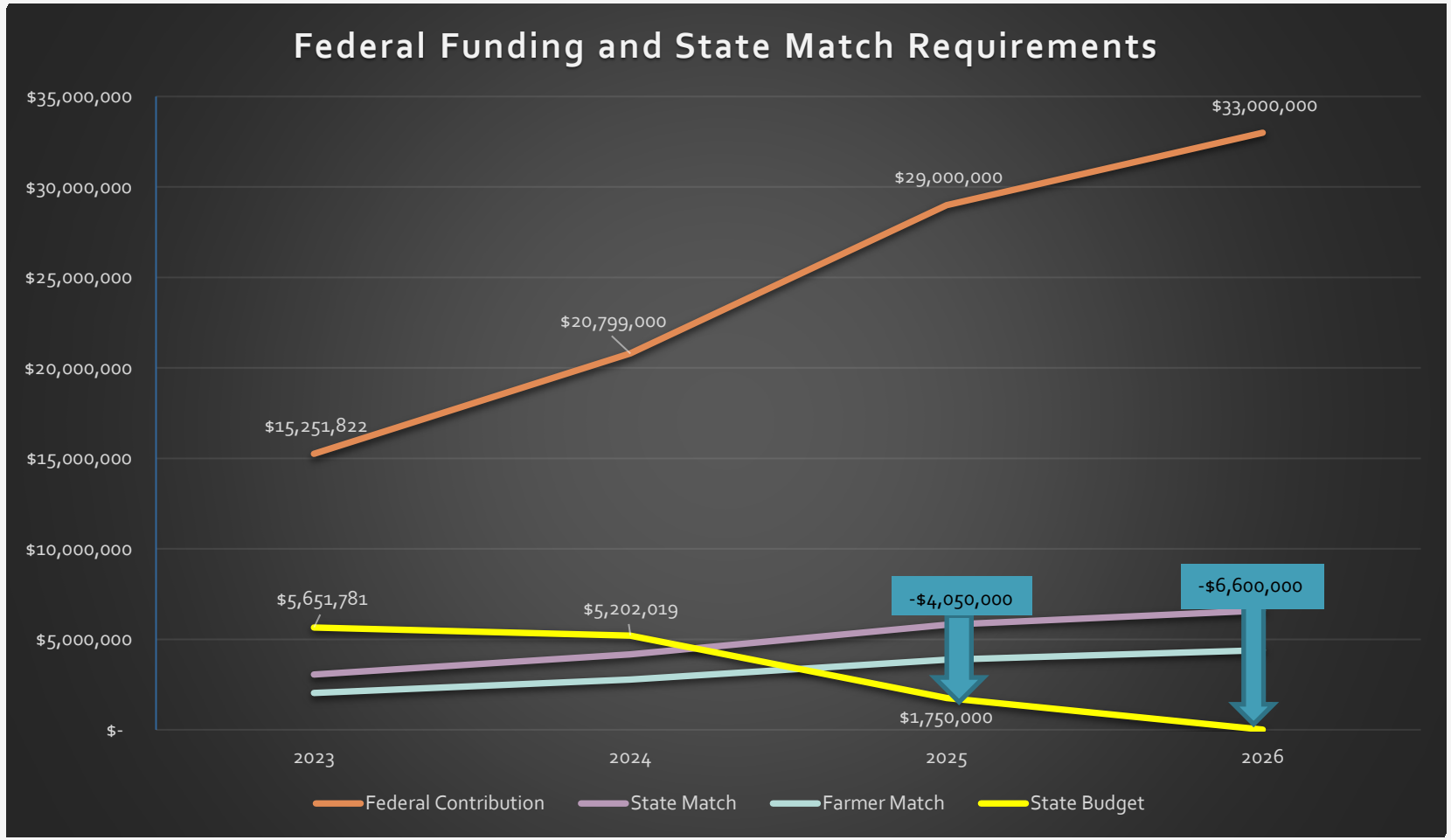
A historically significant increase in federal funding under IRA is available for projects (if match is met) in 2024-2026.

Demand v. Budget for SFY2025

Currently 266 open enforcement actions

April 1st deadline approaching for new state projects; 23 already submitted

June 14, 2024 is the federal deadline for projects so lots more to come!



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