

Infrastructure Investment and Jobs Act Funding to Support Water and Sewer Infrastructure in Vermont

In November of 2022, the Infrastructure Investment and Jobs Act (IIJA) became law, teeing up historic investment in water infrastructure and environmental remediation. This Act comes on the heels of the 2021 American Rescue Plan Act (ARPA), in which Congress allocated \$1.9 trillion to address economic impacts due to the COVID-19 pandemic.

While both initiatives provide transformational funding in Vermont, they are not interchangeable. Specifically, the Governor’s proposal for ARPA provides \$163 million for water, sewer, and stormwater infrastructure funding for economically disadvantaged communities to help protect them from future crises or to remediate impacts caused by the pandemic. IIJA brings \$347 million to fund water and sewer infrastructure, with a focus on drinking water. The IIJA funding does not have pandemic-related eligibility requirements.

Differences	American Rescue Plan Act (ARPA)	Infrastructure Investment and Jobs Act (IIJA)
Act intent	Recovery from pandemic	Massive investment into national infrastructure
Covid Recovery Nexus	Covid nexus required	No Covid nexus required
Intended Impact	Funds designated to help fund projects with few other funding source options and projects that will have a timely and transformative impact.	Funds for specific infrastructure projects, often to support infrastructure that has not been adequately funded for decades.
Funding amounts	\$163M for grants for Vermont	\$347M in State Revolving Loan Funds (SRF)
Funding for	<ul style="list-style-type: none"> combined stormwater overflow (CSO) abatement 3-acre stormwater projects village drinking and wastewater systems pre-treatment systems on-site septic and well replacements mobile home community drinking/wastewater 	<ul style="list-style-type: none"> Drinking water infrastructure, including replacement of lead service lines PFAS contamination cleanup water pollution control infrastructure
New or existing funding streams	All “new” money. Not budgeted or anticipated, transformative and flexible in how it is spent.	IIJA is “supplemental” water infrastructure money that will flow into existing loan programs.
State Match	None (grants)	State match requirements will increase state costs traditionally funded with Capital Bill funding. The Capital Bill funds infrastructure projects.
Spending deadline	Must be encumbered by 12/30/2024	Available until spent
Allotment	Allocated to ANR in State Fiscal Year 2022, 2023, and 2024.	Allocated to ANR over five-year period, from August 2023-August 2028.
Flexibility, priorities	High, states can determine how to fund.	Low, funding goes into existing funding streams such as SRF.
Funds	\$162.75M for water and sewer infrastructure projects within six specific program areas outlined in the “funding for” category above.	<p>This money is available for all projects that the SRF supports, covering a broad range of water quality projects.</p> <ul style="list-style-type: none"> \$54M for supplemental Clean Water SRF (CWSRF) funds, with \$8.9M state match. \$111M for supplemental Drinking Water SRF (DWSRF) funds, with \$18.2 state match. \$140M (over five years) to DWSRF to reduce lead in drinking water. No State match is required. The money will be allocated annually, with \$28M/year over five years. This money is available for public water systems. Of the \$28M/year the state pulls in, 49% will be for loan forgiveness. Emerging contaminants funding for public water systems to address contamination from PFAS or other potential contaminants. No state match is required. The money will be allocated annually, with \$7.5M/year for five years. \$4.5M to CWSRF over five years. No State match is required. Approximately \$500K to be awarded in 2022, increasing to \$1.125M/year by 2026 as well as \$37.5M over five years to the DWSRF.
Equity Considerations	Equity is considered in the initial decisions on what to fund (see “target” above)	Will likely need to comply with Executive Order on Justice40. Justice40 is a whole-of-government effort to deliver at least 40% of the overall benefits from Federal infrastructure investments to disadvantaged communities