

Water Quality Improvement Fund Update

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History and Purpose of the WQIF

- Directs DEQ and DCR to assist local governments, soil and water conservation districts, and individuals in reducing point source and nonpoint source nutrient loads throughout the Commonwealth with technical and financial assistance made available through grants provided from WQIF.
- Under DEQ's purview, WQIF currently provides grant funding for the design and installation of nutrient reduction technology and wastewater conveyance infrastructure at publicly owned wastewater treatment plants.
- DCR administers the Virginia Agricultural Best Management Practices Cost-Share (VACS) Program which funds conservation practices for agriculture, including livestock stream exclusion systems, manure storage, cover crops, nutrient management plans, and riparian buffers.

Water Quality Improvement Fund (WQIF)

10% of the general fund revenue collected above official estimate

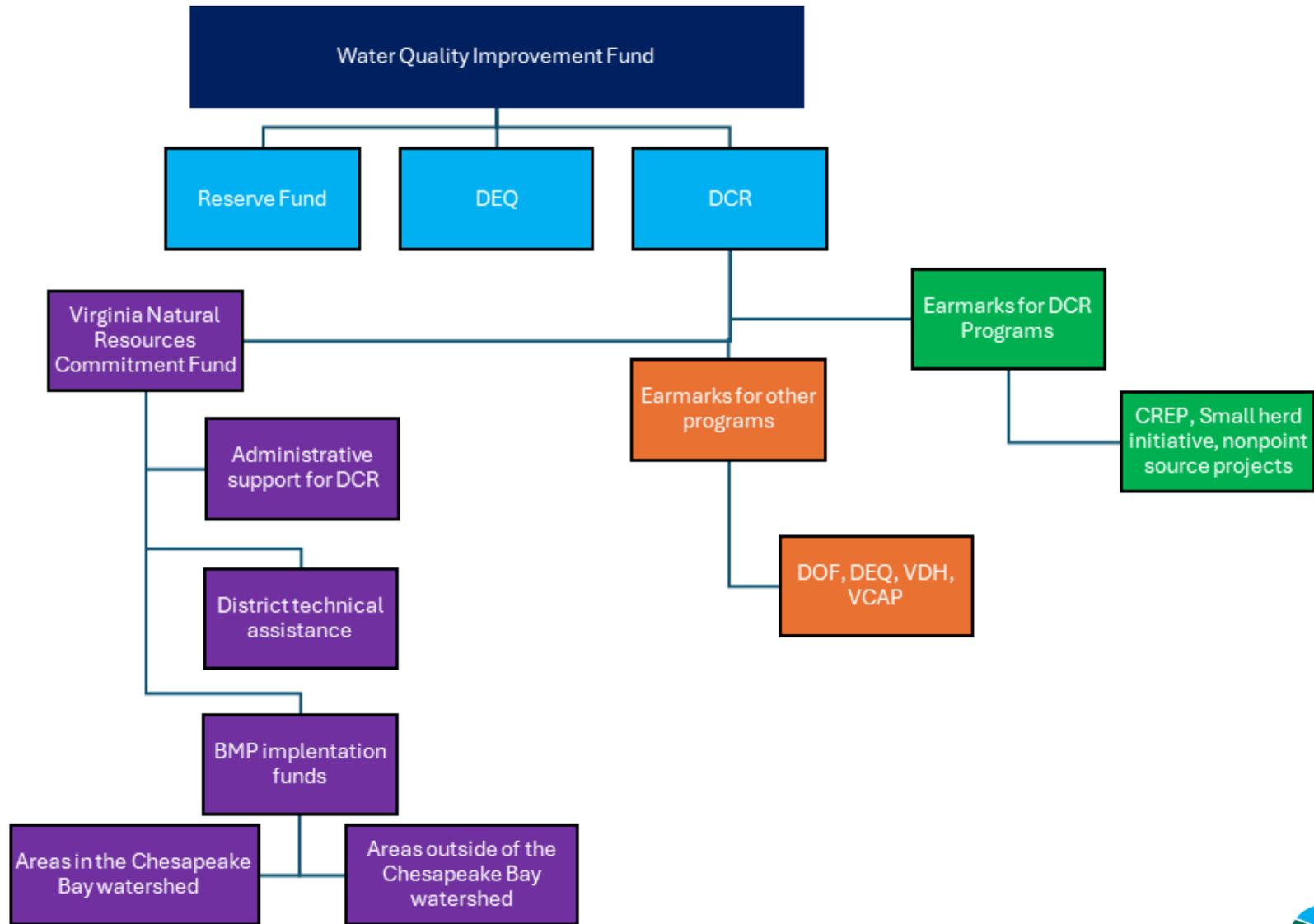
10% of unrestricted and uncommitted funds

Other appropriations

Reserve Fund

**Department of Conservation
and Recreation**

**Department of Environmental
Quality**



WQIF Earmarks

- Currently \$70 million balance; mostly earmarked for DCR (~\$59 million)
 - District dam rehabilitation projects - \$25 million
 - Will be obligated by the end of 2026 calendar year
 - Conservation Reserve Enhancement Program (CREP) - \$9.6 million
 - 50/50 match of federal funding required
 - Grant administration - \$6.82 million
 - Currently funds 5 positions supporting Districts and VACS Program implementation
 - Department initiatives - \$6.4 million
 - Poultry litter transport, RMP direct pay, NMP direct pay, BMP verification
 - Small Herd Initiative - \$5.75 million
 - Conservation Application Suite Upgrade - \$2.8 million
- Unspent earmarks - \$2.5 million
 - Specific purposes but funds cannot be expended
- Funding that has already been disbursed
 - Virginia Conservation Assistance Program
 - Department of Forestry
 - Virginia Cooperative Extension

Virginia Natural Resources Commitment Fund

- Monies provided are only to be used for the Virginia Agricultural Best Management Practices Cost-Share Program
 - Funds provided for both BMP implementation and support for District technical staff
- Funding allocated by Virginia Soil and Water Conservation Board
 - Funds provided for both BMP implementation and support for District technical staff
 - FY2026 - \$223 million for BMP implementation
 - FY2026 - \$33.4 million for technical assistance

Key WIP III Implementation Dates

- Deadline established in 62.1-44.119:1
- If Virginia has not met its agricultural WIP implementation goals, as determined by the Secretaries on or after July 1, 2028, BMPs are mandated for certain producers in the Chesapeake Bay watershed
 - Nutrient management plans – cropland of 50 acres or more
 - Livestock stream exclusion – 20 or more cows

Agricultural Needs Assessment

- Required by 10.1-2128.1
- Included in Chesapeake Bay and Virginia Waters Clean-up Plan (62.1-44.118)
- Updated each year in late summer
- Developed in consultation with stakeholders
- Key assumptions:
 - Assumes contributions made by producers and state and federal governments
 - Assumes implementation of BMPs by June 2027 (reflection of 62.1-44.119:1)
 - Utilize yearly BMP progress versus WIP BMP goals
 - Remaining implementation needed divided across 3 years
 - Accounts for increased inflation rate and annual repair and maintenance rate
 - Adjustments made for unobligated funds that can be used for next program year

Agricultural Needs Assessment Limitations

- Data always a year behind
 - BMP implementation
 - Department provides (Jun 30) BMP data to DEQ (by Nov 1) for reporting to EPA
 - EPA approves BMP implementation data for previous fiscal year in following spring
 - Financial information
 - Districts complete end of year fiscal procedures by July 15
 - Unobligated funds returned to the Department by mid-September
 - Reallocation of unobligated funds occurs in spring of following year
- 2025 Agricultural needs assessment
 - Based on FY2024 BMP implementation progress
 - Includes FY2024 unobligated funds

2025 Agricultural Needs Assessment - Biennial Needs Summary with All Data

Estimated Costs

2019-2032	FY19 Funding*	FY20 Funding*	FY21 Funding*	FY22 Funding*	FY23 Funding*	FY24 Funding*
CHESAPEAKE BAY STATE COST SHARE	\$14,384,534	\$39,486,279	\$26,466,959	\$48,860,000	\$86,052,479	\$87,220,000
CHESAPEAKE BAY TECHNICAL ASSISTANCE	\$2,141,348	\$6,367,656	\$3,883,068	\$6,351,800	\$11,185,143	\$11,338,600
CHESAPEAKE BAY PRODUCER PORTION						
CHESAPEAKE BAY FEDERAL PORTION	\$15,960,273	\$15,401,409	\$20,641,081	\$22,174,025	\$30,713,325	\$39,847,180
O CB STATE COST SHARE	\$9,613,603	\$17,608,120	\$12,697,099	\$20,940,000	\$36,881,589	\$37,380,000
O CB TECHNICAL ASSISTANCE	\$1,431,125	\$2,890,794	\$1,966,931	\$2,722,200	\$4,793,887	\$4,859,400
O CB PRODUCER PORTION						
O CB FEDERAL PORTION	\$18,964,850	\$19,008,462	\$15,739,229	\$23,572,978	\$24,481,880	\$34,203,129
STATEWIDE WFA COST SHARE AND TECHNICAL ASSISTANCE					\$7,502,616	\$22,600,000
SWCD OPERATIONS FUNDING	\$6,209,091	\$6,209,091	\$6,209,091	\$6,209,091	\$9,809,091	\$9,809,091
TOTALS	\$68,704,824	\$106,971,811	\$87,603,458	\$130,830,094	\$211,420,010	\$247,257,400
CS + TA STATE NEEDS	\$27,570,610	\$66,352,849	\$45,014,057	\$78,874,000	\$146,415,714	\$163,398,000

* Actual state and federal funding in FY19-24 has been updated.

2025-2026 Biennium

2025	2026
\$172,688,551	\$178,968,404
\$25,903,283	\$26,845,261
\$107,930,345	\$111,855,253
\$151,102,482	\$156,597,354
\$74,009,379	\$76,700,745
\$11,101,407	\$11,505,112
\$46,255,862	\$47,937,965
\$64,758,207	\$67,113,152
\$12,809,091	\$12,809,091
\$666,558,607	\$690,332,335
\$283,702,620	\$294,019,521

2027-2028 Biennium

2027 Target Year	
2027	2028
\$185,380,037	\$49,847,702
\$27,807,006	\$7,477,155
\$115,862,523	\$31,154,814
\$162,207,532	\$43,616,739
\$79,448,587	\$21,363,301
\$11,917,288	\$3,204,495
\$49,655,367	\$13,352,063
\$69,517,514	\$18,692,888
\$12,809,091	\$12,809,091
\$714,604,945	\$201,518,247
\$304,552,918	\$81,892,653

2029-2030 Biennium

2029	2030
\$49,847,702	\$49,847,702
\$7,477,155	\$7,477,155
\$31,154,814	\$31,154,814
\$43,616,739	\$43,616,739
\$21,363,301	\$21,363,301
\$3,204,495	\$3,204,495
\$13,352,063	\$13,352,063
\$18,692,888	\$18,692,888
\$12,809,091	\$12,809,091
\$201,518,247	\$201,518,247
\$81,892,653	\$81,892,653

2031-2032 Biennium

2031	2032
\$49,847,702	\$49,847,702
\$7,477,155	\$7,477,155
\$31,154,814	\$31,154,814
\$43,616,739	\$43,616,739
\$21,363,301	\$21,363,301
\$3,204,495	\$3,204,495
\$13,352,063	\$13,352,063
\$18,692,888	\$18,692,888
\$12,809,091	\$12,809,091
\$201,518,247	\$201,518,247
\$81,892,653	\$81,892,653

Deposits to VNRCF	
FY24 amendments	\$2,867,146,688
FY25 deposits	\$1,992,666,628
Total	\$4,859,813,316
Available Funds	
Remaining after FY25 and FY26 allocations	\$18,504,560
Remaining FY24 funds returned to Department	\$16,740,578
FY27/FY28 Reconciliation TA	\$2,600,000
Anticipated FY27 /FY28 Base TA	\$9,100,000
Total Unallocated Balance	\$46,945,138

	FY25 VACS Allocated	FY26 VACS Allocated
Bay CS	\$1,068,833,675	\$118,612,366
O CB CS	\$45,785,859	\$50,833,871
WFA Set Aside	\$53,571,429	\$53,000,000
Bay & O CB TA	\$31,354,825	\$33,428,001
Total CS+TA	\$2,379,545,788	\$255,874,238
Carry Forward through FY2024	\$29,488,409	
Admin & OPS	\$12,809,091	\$12,809,091
CS + TA Gap	\$16,668,423	\$27,828,382
2025-2026 Funding Gap	State Gap \$44,496,805	2025 Federal Gap \$166,390,590
		2026 Federal Need \$223,710,505

Federal projected for 2025 is shown on the NRCS Funding tab and the 2025 Federal Gap in 2025 shown above is added to the 2027-2028 Federal Need.

Revise state cost share and technical assistance (15% of CS starting in 2025) needs and federal funding need will be adjusted annually based on actual budgets and gaps.

2027-2028 State Funding Need
State Gap \$44,496,805
2027-2028 CS + TA \$386,445,571
2027-2028 State Funding Need \$430,942,376
Unallocated Balance \$46,945,138
FY2027-2028 Remaining Need \$383,997,238

2029-2030 State Funding Need
State Gap \$0
2029-2030 CS + TA \$163,378,530.5
2029-2030 State Funding Need \$163,378,530.5

2031-2032 State Funding Need
State Gap \$0
2031-2032 CS + TA \$163,378,530.5
2031-2032 State Funding Need \$163,378,530.5

2027-2028 Federal Need \$460,425,254

2029-2030 Federal Need \$124,619,254

2031-2032 Federal Need \$124,619,254



Funding Provided in Introduced Budget

Revenue collected above official estimate	
BMP implementation	\$119,338,894
Technical assistance	\$17,832,248
<i>Total</i>	<i>\$137,171,142</i>
VNRCF interest	
BMP implementation	\$50,460,000
Technical assistance	\$7,540,000
<i>Total</i>	<i>\$58,000,000</i>
WQIF Reserve	
BMP implementation	\$72,978,595
Technical assistance	\$10,904,848
<i>Total</i>	<i>\$83,883,443</i>
Grand total	\$279,054,585
<i>Agricultural Needs Assessment</i>	<i>\$383,997,238</i>
Difference	(\$104,942,653)

Reallocation of Unobligated Funding

- Districts must obligate funds for VACS Program by June 15
- All funding not obligated is returned to Department (~\$100 million)
- 50% of unobligated funding provided for areas within the Bay watershed may then be used for areas outside of the Bay
 - Requests for BMPs outside of the Chesapeake Bay
 - Numerous TMDLs across the state
 - Flexibility in funding addresses local water quality issues
- Remaining unobligated funds reallocated the following spring
 - Unobligated funds are still necessary for achieving reduction goals
 - Provides buffer for the increasing federal funding gap for WIP