



ASSOCIATION OF
METROPOLITAN
WATER AGENCIES



American Water Works
Association



Statement of the

American Public Works Association

American Water Works Association

Association of Clean Water Administrators

Association of Metropolitan Water Agencies

Association of State Drinking Water Administrators

Council of Infrastructure Financing Authorities

National Association of Clean Water Agencies

Water Environment Federation

**Appropriations Subcommittee on Interior, Environment,
and Related Agencies**

U.S. House of Representatives

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The American Public Works Association, American Water Works Association, Association of Clean Water Administrators, Association of Metropolitan Water Agencies, Association of State Drinking Water Administrators, Council on Infrastructure Financing Authorities, National Association of Clean Water Agencies, and Water Environment Federation and the are pleased to have the opportunity to provide the House Subcommittee on Interior, Environment, and Related Agencies with comments for the record in relation to the Clean Water and Drinking Water State Revolving Fund (SRF) programs, as well as clean and safe water operating programs and nonpoint source control.

We urge the Subcommittee to reject the proposed reductions to these programs in the President's Fiscal Year (FY) 2014 budget request and instead maintain the Clean Water and Drinking Water SRF programs at the FY 2012 levels of \$1.466 billion and \$918 million respectively. Investment in water and wastewater infrastructure is currently being threatened as demonstrated in the President's budget proposal to decrease levels of SRF funding and also place limitations on allowable deductions for investments in tax-exempt municipal bonds. While the amount we are requesting for the SRF programs is still far below the well-documented clean and safe water infrastructure needs, it is nonetheless an amount that will allow critical water quality projects to move forward nationwide. It would also serve to underscore the continued commitment to a federal/state/local partnership in meeting the Nation's clean and safe water goals and objectives.

Decreasing Federal Investment Harms Municipalities and Ratepayers

Modernizing and replacing the country's aging water and wastewater infrastructure may be the single largest public works need that our Nation faces and it requires a serious investment. The U.S. Environmental Protection Agency's (EPA) most recent needs survey estimates \$293.7 billion is needed today by clean water agencies to comply with the Clean Water Act (CWA). A similar story can be told on the drinking water front: \$334.8 billion in drinking water infrastructure investments is needed over the next 20 years. It must be noted, however, that the Agency's needs surveys only consider projects that would be eligible for SRF funding. A recent study by the American Water Works Association (AWWA) revealed that the nation's need to reinvest in drinking water infrastructure alone, actually totals about \$1 trillion over the next 25 years. Clean water needs roughly parallel that.

On top of these needs, a 2009 assessment of the costs needed by drinking water and wastewater agencies to confront the realities of a changing climate indicated that as much as \$1 trillion over the

next 30 years is necessary to improve resiliency in the face of more frequent and extreme weather events like Hurricane Sandy and the persistent drought that has gripped the Midwest.

Federal Investment in Water Infrastructure Leverages Local Investment, Spurs Economic Growth, and Creates Jobs

Federal investment in the SRF programs leverages additional investment in this critical infrastructure at both the state and local levels. Federal capitalization grants to the SRF programs must to be matched by a 20% contribution from States thereby leveraging an additional \$20 million of capital investment for every \$100 million of federal investment. Further, nearly 30 States leverage the federal capitalization grant in the bond market which for FY12 provided nearly \$3.6 billion in additional working capital. . Lastly, each loan issued by the SRF typically leverages additional local investment provided through the municipal bond market, private financing or other funding sources. Reducing the Federal capitalization grant will significantly reduce the overall investment in water and wastewater infrastructure projects by State and local governments as well as by the private sector far beyond just the level of cuts to federal funding.

Investments in water and wastewater infrastructure provide substantial economic benefits to communities. The U.S. Conference of Mayors reports that each public dollar invested in water and wastewater infrastructure increases private long-term GDP output by \$6.35. The National Association of Utility Contractors estimates that \$1 billion invested in water and wastewater infrastructure can create over 26,000 jobs. Further, the Department of Commerce estimates that each job created in the local water and wastewater industry creates 3.68 jobs in the national economy and each public dollar spent yields \$2.62 dollars in economic output in other industries. It is clear that federal investment in water and wastewater leverages enormous benefits nationally and for our local economies.

We Need a Stronger Federal Partnership in Meeting the Nation's Clean Water Needs

As Congress works to reduce the deficit, it is important that the federal government remain a reliable partner in helping communities meet their Safe Drinking Water and Clean Water Act obligations. The Clean Water and Drinking Water SRF programs have been two of the more successful federal-local partnerships, providing approximately \$70 billion to tens of thousands of job-producing projects around the country. The short- and long-term improvements made possible by the Clean Water and Drinking Water SRFs have delivered significant environmental, economic, and public health benefits as well.

Considering the importance of water and wastewater infrastructure to the well-being of the American people and to our economy, it is critical that the federal government remains a reliable partner in meeting the nation's clean water and safe drinking water needs. Every federal dollar directed to these programs enhances safe and clean water for all.

We Must Support State Clean and Safe Water, and Nonpoint Source Control, Programs

Strong and resilient infrastructure is essential – and just as important is state capacity to operate our nation's clean water and drinking water programs. We also urge the Subcommittee to increase funding for the Clean Water Act §106 Operating Grant program from \$259 million to \$330 million, and for the Public Water Work System Supervision Program (PWSS) from \$109.7 million to \$130 million. These programs fund solid and needed state jobs, including for example, engineers, permit writers, inspectors, biologists, and compliance assistance officials – who play critical roles in helping ensure clean and safe water for all Americans. The requested funds are in fact far below the documented actual needs of these programs. In addition, the CWA §319 program is unique for its focus on local partnerships with agricultural entities to reduce water pollution like nutrient runoff. \$4 in watershed investment for every federal dollar is yielded when 319 funds are leveraged with U.S. Department of Agriculture programs. We urge the Subcommittee to maintain the requested funding level of \$164.5 million, although the national need is greater (\$227 million according to the National Association of Conservation Districts in 2012).

Conclusion

America is facing staggering shortfalls in infrastructure investment and communities nationwide are struggling to pay for the critical water and wastewater infrastructure repairs, replacement, and upgrades necessary to protect public health and the environment. As more and more of the nation's water and wastewater infrastructure reaches the end of its useful life cycle, these challenges will continue in the years ahead. State capacity to operate clean and safe water programs is also at a precarious point.

For these reasons, it is critical that federal support for water and wastewater infrastructure remains a priority and funding for the Clean Water and Drinking Water SRF programs is maintained at FY12 funding levels of \$1.466 billion and \$918 million respectively. Doing so will ensure states and

municipalities that the federal government remains a dependable, long-term partner in meeting the nation's clean water needs. Congress' support for these requests is a vital step toward ensuring such a partnership remains intact.