

October 24, 2013

The Honorable Bill Shuster
Chairman
Committee on Transportation & Infrastructure
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, D.C. 20510

The Honorable Nick J. Rahall, II
Ranking Member
Committee on Transportation & Infrastructure
U.S. House of Representatives
2163 Rayburn House Office Building
Washington, D.C. 20510

Dear Chairman Shuster and Representative Rahall

Re: Water and Wastewater Infrastructure Funding

As organizations leading state water and financing programs, we write to share our perspectives and concerns on current and future efforts to support our nation's water and wastewater infrastructure, in light of the pressing needs of these facilities and the increasingly constrained resource environment. As has been well documented, our nation's water and wastewater infrastructure needs are vast—over \$700 billion is required over the next 20 years according to the U.S. Environmental Protection Agency's (EPA's) most recent estimates. Fresh and innovative thinking is called for to address these needs in an era of limited budgets at the national, state, and local levels.

The creation of a federally-administered, stand-alone infrastructure funding program for water and wastewater projects as some have suggested is not an approach we support. We appreciate the desire for a national program that more adequately supports water and wastewater system infrastructure needs. Notwithstanding, we firmly believe the most appropriate response to the current challenge is to build upon the existing successful model by adequately supporting, improving, and enhancing the state-administered Clean Water and Drinking Water State Revolving Loan Funds (SRFs).

The SRFs are an extremely effective model for addressing local infrastructure needs. State administration of these funds is a proven mechanism for moving critical funding to the nation's communities that so desperately need it. More than 43,134 loans, leveraging a combined total of \$58.27 billion federal *and state* dollars, have been successfully deployed since the inception of these programs (1987, in the case of the Clean Water SRF and 1996 for the Drinking Water SRF). Discussion of the creation of a Water Infrastructure Finance & Innovation Act (WIFIA) has been prompted by the fact that SRFs are underfunded for the need that exists for very large infrastructure projects, and the view, by WIFIA proponents, that the administration of large project loans needs to be streamlined. *Such problems can be fixed.* We fully support recent legislative initiatives to reauthorize both SRFs—and, at the same time, to fine tune them to take

advantage of lessons learned over the past several years and make the SRFs even more efficient and effective for all loan recipients.

We are very concerned that, in the current fiscal climate, the eventual effect of Congressional support for a separate, Federally-administered large system program will be diminished Congressional support for the SRFs, leading to a fractured and dissipated approach to infrastructure funding, thus undermining environmental and public health protection. We respectfully disagree with the argument that such a separate program would simply be another “tool in the toolbox,” or that it would be synergistic in terms of its relationship with the SRFs. This concern is underscored by the current House Appropriations Committee Fiscal Year 2014 funding proposal for only \$350 million for the Drinking Water SRF and \$250 million for the Clean Water SRF (versus the more typical \$850 million and \$1.2 billion, respectively).

It is important to note that the SRFs have supported, through subsidization and technical assistance, vitally important infrastructure funding for smaller water and wastewater utilities that would otherwise not have been able to take on infrastructure loans. In addition, Congress designed elements of the Drinking Water SRF to support state Safe Drinking Water Act delegated programs through set-asides. These state programs are not adequately funded by EPA State and Tribal Assistance Grants (STAG). Reduced SRF support by Congress will have a direct and immediate adverse effect on the nation’s small communities and on state administration of Safe Drinking Water Act requirements.

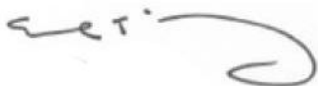
To best meet system funding needs, we respectfully request that Congress reauthorize and fund state SRF programs, thereby providing for the financing of both large and small systems through SRF portfolios, and leveraging the financing expertise currently existing in the states. Currently unmet water and wastewater infrastructure needs can be addressed more cost-effectively and more efficiently by states, with enhancements to the already successful SRF programs. We call on Congress, EPA, water utilities, and other stakeholders to partner with states in seeking ways to streamline and make even more effective this already proven model.

We appreciate your consideration of our thoughts on this subject. We would be pleased to discuss this topic in more detail with you at your convenience.

Sincerely,



Shellie Chard-McClary
President
Association of Clean Water Administrators



Sara Pillsbury
President
Association of State Drinking Water Administrators



Dick Pedersen

President

Environmental Council of the States



Lori K. Beary

President

Council of Infrastructure Financing Authorities



Jamie L. Crawford

President

Ground Water Protection Council