

**National Association of Clean Water Agencies (NACWA)**  
**Written Testimony Submitted to: Senate Committee on Appropriations, Subcommittee on**  
**Interior, Environment, and Related Agencies**  
**Regarding FY20 U.S. Environmental Protection Agency (EPA) Funding**

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The National Association of Clean Water Agencies (NACWA) represents a growing network of 325 public wastewater and stormwater agencies nationwide who collectively serve more than 125 million Americans. NACWA thanks the Subcommittee for its work to provide strong funding for clean water programs, and in particular for the significant funding increases achieved the past two fiscal years for core water infrastructure programs. Looking to build on that strengthened federal funding partnership, below are our FY20 EPA Appropriations priorities.

**Program: Clean Water State Revolving Fund**  
**Funding Request: \$3.4 B (2x FY19 enacted)**

The Clean Water State Revolving Fund (CWSRF) is a critical tool which municipal clean water agencies leverage to help meet their federal obligations under the Clean Water Act (CWA). In the United States, more than 90 percent of water infrastructure investment currently comes through local ratepayer and state investment. Importantly, the low-interest loans—and in limited cases, grants and loan forgiveness—that the CWSRF facilitates help clean water agencies finance infrastructure investments at favorable rates and better manage impacts to ratepayers.

The CWSRF has demonstrated success in facilitating infrastructure investment in communities large and small. NACWA greatly appreciates the Subcommittee's work to increase funding from \$1.394B in FY17 to \$1.694B in FY18 and FY19. We urge continued support and consideration for further increased funding to reflect the ongoing need for infrastructure investment.

The CWSRF is even more crucial at a time when sewer and water rate increases are outpacing the rate of inflation. Preliminary analysis from NACWA's annual rate survey found that in 2018, the national average cost of wastewater services rose faster than the rate of inflation for the 17th year in a row, rising 3.8 percent. Key drivers of rising rates include federal consent decrees requirements, associated capital construction and debt service, combined sewer overflow (CSO) and sanitary sewer overflow (SSO) control projects, sewer rehabilitation and replacement, and the increasing cost of addressing regulatory requirements related to water quality challenges like nutrient impairment.

In many communities, the CWSRF has been instrumental to their success in complying with National Pollutant Discharge Elimination System (NPDES) permits, implementing secondary (biological) treatment of wastewater, reducing the frequency and size of sewer overflows during wet weather events and upgrading infrastructure. The CWSRF is also essential for many communities working to implement new regulatory requirements ranging from updated water

quality standards for toxics to tightening nutrient limitations. The CWSRF is increasingly used to implement innovative stormwater and nutrient management projects and green infrastructure.

**Program: Sewer Overflow and Stormwater Reuse Municipal Grants**

**Funding Request: \$225 M**

The 115<sup>th</sup> Congress authorized \$225 million in the *America's Water Infrastructure Act* (P.L.115-270) in FY20 for grants to states and municipal entities for treatment works to intercept, transport, control, treat, or reuse municipal combined CSO, SSO, and/or stormwater. This new program was proposed for funding (\$61.45M) in the President's FY20 Budget Proposal.

Controlling sewer overflows and ensuring proper stormwater management are essential to protecting public health and the environment. Compliance is very costly, however, placing financial strain on many communities and their ratepayers. It can be especially challenging for older communities dealing with aging infrastructure alongside population and economic shifts. For these reasons, NACWA was thrilled to see these grants authorized by Congress and believes it is critical that this authorization is fully funded. These federal investment grants will help communities and their ratepayers more affordably meet their compliance obligations and mitigate against the negative impacts of CSO and SSO discharges into local waterbodies. The inclusion of stormwater management will help in developed areas with impervious surfaces where stormwater systems can be overwhelmed and may create flooding, infrastructure and environmental concerns, or where stormwater presents water reuse opportunities.

**Program: Integrated Planning (EPA Environmental Programs & Management)**

**Funding Request: Provide \$2 M for implementation of Integrated Planning legislation and the Office of Municipal Ombudsman**

Last Congress, the bipartisan *Water Infrastructure Improvement Act* (Public Law No: 115-436) was passed into law, codifying EPA's Integrated Planning (IP) Framework to provide local communities with critical flexibilities in meeting their CWA obligations and ensuring residents continue receiving safe, reliable, and affordable clean water services. The bill also included a provision which establishes a Municipal Ombudsman's office within EPA to provide municipalities with a dedicated point of contact within the Agency who can represent their interests to help them comply with their CWA and other environmental obligations, as well as ensure Agency policies are being implemented appropriately and consistently at the local level.

These are essential developments to help public clean water utilities and the communities they serve. The integrated planning approach helps communities prioritize their specific clean water obligations and better manage costs over time. EPA will need to work collaboratively with the states and municipalities to build awareness of this voluntary approach and provide appropriate guidance/facilitation to help states and clean water utilities make full use of integrated planning in line with Congress's intent. The establishment of a Municipal Ombudsman office is important at a time when regulatory compliance is becoming more onerous and complicated for communities to navigate. The ombudsman will provide a crucial role as it acts as a liaison between EPA and the municipal regulated community to help address these regulatory concerns.

Directing federal resources toward implementation will help ensure EPA has the resources to fully implement the law and assist the states and interested municipalities. NACWA urges \$2 million in FY20 for EPA to fund implementation of the *Water Infrastructure Improvement Act*.

**Program: Innovative Water Infrastructure Workforce Development Program**

**Funding Request: \$1 M**

Over the next decade, the clean water sector is expected to incur a large wave of retirements among utility workers. Some municipalities could be facing a situation where up to 50% of their staff are eligible for retirement at the same time. This presents a challenge – most of these jobs require education and training – but also an opportunity since these positions provide a good career with competitive wages.

*America's Water Infrastructure Act* responded to this issue by establishing a new competitive grant program at EPA for water workforce development activities. Under the legislation, the program is authorized to develop and utilize innovative activities relating to water utility workforce development, expand public awareness about water utilities and connect individuals to careers. This new program was proposed for \$300K in the President's FY20 Budget Proposal.

**Program: Stormwater Infrastructure Funding Task Force**

**Funding Request: \$1 M**

*America's Water Infrastructure Act* directed EPA to establish a task force to study and develop recommendations on stormwater infrastructure funding. The task force is to be comprised of federal, State, local, and non-governmental entities and would evaluate public and private funding sources for constructing, rehabilitating, operating and maintaining stormwater infrastructure. NACWA requests \$1 million in FY20 to get the task force up and running.

**Program: Water Infrastructure Finance and Innovation Act (WIFIA) program**

**Funding Request: \$68 Million**

The WIFIA program is a compliment to the SRFs, providing an additional financing tool to address water infrastructure investment by leveraging limited federal resources. First authorized in 2014, it was designed primarily to fund large water infrastructure projects over \$20 million. NACWA has been engaged and pleased with the Agency's efforts to establish the program and provide financing assistance. NACWA is strongly supportive of the increased funding WIFIA received in FY19, at a level of \$68 million, and encourages that amount for FY20.

**Program: Geographic Programs**

**Funding Request: Full funding across EPA's Geographic Programs**

EPA's Geographic Programs, such as the Great Lakes Restoration Initiative, Chesapeake Bay Program, and Long Island Sound among others, support critical watershed-based investments. The goals and impacts of these programs cross multiple states, impact waters of national significance, and leverage significant state, local, and private dollars. In many cases, the geographic programs have helped forge partnerships between clean water agencies, upstream landowners, conservation groups, and other stakeholders to strategically advance water quality, reduce historic contamination, restore habitat, and advance the CWA goals of fishable and swimmable waters. NACWA is encouraged by the strong bipartisan Congressional support these programs enjoy and urges Appropriators to maintain full funding for these programs in FY20.

**Program: Categorical Grants: Nonpoint Source §319**

**Funding Request: \$170.1 M (Maintain FY19 enacted level)**

The CWA has been remarkably successful in reducing point source discharges. In many watersheds, nonpoint sources remain the largest outstanding driver of water quality impairments. Thus, continued progress on improving water quality under the CWA relies in large part on the ability to improve nonpoint source management. Nonpoint sources also contribute to acute public health risks such as harmful algal blooms and threats to drinking water.

Nonpoint source grants are provided to state, tribes, and territories to aid implementation of EPA approved Nonpoint Source Management Programs under Sec. 319 of the CWA. Activities provided under these programs include technical and financial assistance to municipalities, outreach, and technology transfer and training. These programs also help monitor and assess the impacts of nonpoint management projects, an area where continued research and documentation is in demand by public entities and the private sector.

**Program: Categorical Grants: Pollution Control §106**

**Funding Request: \$230.1 M (Maintain FY19 enacted level)**

Under Sec. 106 of the CWA, EPA provides federal assistance for states and tribes in implementing their water pollution control programs in accordance with CWA. Strong state programs are essential to the cooperative federalism approach of the Act. The clean water agencies represented by NACWA continually engage with their state programs offices on all aspects of CWA permitting, compliance and enforcement. Reductions in funding may impact the functioning of state programs to the detriment of the regulated community.

**Program: National Priorities Water Research Program**

**Funding Request: \$20 M**

Since 2012, Congress supported the National Priorities Water Research grant program by providing approximately \$4 million in EPA's Science and Technology Account. This funding has advanced the science of priority research topics through applied, extramural research. This successful program provides direct benefit to water sector utilities through increased knowledge, tools, and transformative approaches that can improve public health outcomes and lower costs. However, more funding is needed to meet growing challenges. NACWA urges increased funding for the National Priorities Water Research grant program to \$20 million for FY20.

**Program: Innovative Financing for State Loan Funds**

**Funding Request: \$5 M**

*America's Water Infrastructure Act* included a pilot program provision allowing state financing authorities that administer the SRFs to apply for WIFIA loans directly through EPA, applying with a single application in which the state would bundle multiple projects on the state's approved intended use plan. Under this provision, such WIFIA loans to states would allow for 100% WIFIA financing (as compared to the existing program, in which WIFIA financing can total no more than 49% of total project cost), require only one credit rating letter (rather than two), and provide expedited application review for states. NACWA requests that the \$5 million authorized under the legislation be appropriated in FY20.

Thank you for your consideration. Please do not hesitate to contact NACWA to discuss.