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February 24, 2022

The Honorable Michael Regan
Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue Northwest
Mail Code: 1101A
Washington, DC 20460

Dear Administrator Regan,

The National Association of Clean Water Agencies (NACWA) represents over 340 public wastewater and stormwater agencies across the country. On behalf of these public utilities, we thank you for your leadership and, as the Biden Administration issues its annual budget request to Congress for Fiscal Year (FY) 2023, strongly urge that clean water be a primary focus for continued investment and priority by the U.S. Environmental Protection Agency (EPA) in the budget proposed for FY23. NACWA's funding priorities are outlined below.

Our nation's water infrastructure is at a key juncture, with costs rising both for traditional investment needs like maintaining aging infrastructure and meeting compliance obligations, as well as for newer challenges such as addressing emerging contaminants, managing increasingly complex water quality issues, and ensuring system resilience in the face of climate change, cyber risks, and the needs of disadvantaged communities.

NACWA greatly appreciates the support provided by the Biden Administration in the *Infrastructure Investment and Jobs Act* (IIJA). The IIJA constitutes a strong recommitment on the part of the federal government as a funding partner in water infrastructure investment. NACWA has engaged with EPA, primarily the Office of Water, to offer the public utility perspective and recommendations to support efficient, equitable implementation of this landmark legislation. We are grateful to EPA for providing opportunities for this important input and dialogue.

However, as you know already, while this historic investment is vital, it alone cannot fully address the long-term water infrastructure investment gap the Nation faces. Even with the IIJA investments, clean water still ranks behind other infrastructure sectors like surface transportation, mass transit, and rail in the amount of federal assistance it receives. With this in mind, it is critical that many of the water programs that were authorized, but not appropriated in the IIJA, receive full funding for FY23.

NACWA's top funding requests are listed below. As you negotiate, debate, and advocate for EPA's funding priorities for FY23, please know NACWA will be vocally advocating on behalf of the programs listed below. These key programs benefit every single American that relies on a functioning and effectively managed wastewater and stormwater management system.

Low-Income Water Assistance

NACWA has long supported the creation of a federal low-income water assistance program at EPA to assist low-income households in maintaining access to affordable and reliable public clean and drinking water services. A robust and permanent federal water assistance program is key to helping communities and public utilities provide service to all customers, while being able to charge the rates necessary to maintain safe, reliable water and wastewater systems.

NACWA is grateful for the steps Congress has taken to advance this critical need, including authorizing a national assessment by EPA of the water and sewer affordability challenges low-income households face, and to launch an EPA pilot program to provide federal low-income water customer assistance. We hope that EPA will request funding for these efforts in the FY23 budget. NACWA stands ready to help EPA with this effort and is coordinating a project with leading water sector associations to develop a model of a successful low-income water assistance program.

Clean Water State Revolving Fund (CWSRF)

The CWSRF is the primary federal clean water financing tool that communities and public clean water utilities, large and small, utilize to help meet their Clean Water Act (CWA) obligations and infrastructure needs. The CWSRF has been instrumental to communities' success in advancing water quality and public health protection. While the IIJA provided a fresh 5-year infusion of additional funds into the CWSRF that will support investments across the country, it is clear that the intent of Congress is for these IIJA funds to supplement – not supplant – continued robust annual CWSRF appropriations. We support funding at the full IIJA authorized level of \$2.75 billion for FY23 in the annual spending bill.

NACWA also supports dedicated FY23 appropriations for EPA to complete an updated **Clean Water Infrastructure Needs Survey** to provide a more accurate, updated, and complete understanding of clean water needs – and the related funding gap – across the country.

Water Infrastructure Finance and Innovation Act (WIFIA) Program

The WIFIA program is a complement to the SRFs, accelerating significant water infrastructure investments and leveraging limited federal resources. Since being authorized in 2014, NACWA has been pleased with the success of the WIFIA program in meeting water infrastructure financing needs. This program was reauthorized, but not funded, in IIJA and NACWA supports funding it at the reauthorized level of \$68 million in FY23. NACWA also supports an additional \$5 million for the SWIFIA program, which allows state financing authorities that administer the SRFs to apply for WIFIA loans directly through EPA. This ability of a state to bundle multiple projects on its approved intended use plan can increase participation in smaller and lesser-resourced communities.

Sewer Overflow and Stormwater Reuse Municipal Grants (OSG)

Investments to reduce sewer overflows can be very costly, and over the years has been a key driver of increasing financial strain on many communities and their ratepayers, especially in communities under federal consent decrees, dealing with aging infrastructure, and adjusting to population and economic shifts. Meanwhile, improved stormwater management and greater water reuse present some of the most significant opportunities for continued improvement in water quality, but also come with extremely high costs for communities around the country. For these reasons, NACWA strongly supports the OSG program, which not only focuses funds on these investments but also provides a rare source of full grant (as opposed to loan) funding. The program was reauthorized but not funded through IIJA, therefore NACWA supports full funding of the recently reauthorized level of \$280 million per fiscal year.

Integrated Planning

NACWA was strongly supportive in 2018 when Congress passed the bipartisan *Water Infrastructure Improvement Act* (WIIA) (Public Law No: 115-436), which codified EPA's 2012 Integrated Planning (IP) Framework to provide local communities with critical flexibilities to meet their CWA obligations and ensure residents continue receiving safe, reliable, and affordable clean water services.

On July 12, 2021, EPA submitted its Report to Congress on Integrated Plans to comply with the *Water Infrastructure Improvement Act* (WIIA) of 2019. The report highlighted the nationwide progress on IP development and exemplifies how developing an IP can present considerable cost-saving opportunities while focusing on the environmental priorities of the local community.

It takes significant work by a community to develop an integrated planning approach from conception to implementation, as well as considerable resources from a state regulatory agency and EPA to review and approve such a plan. Additionally, dedicated financial resources can help EPA work with communities to develop integrated plans, as well as provide technical assistance to states so they can work with local communities to better understand how to incorporate integrated planning concepts into their CWA permits. NACWA encourages continued dedicated funding of at least \$2 million to support EPA's integrated planning activities that advance water quality in a holistic approach driven by local priorities.

Water Workforce Infrastructure Grants Program

The public water sector provides good career paths with competitive wages where workers can take pride in serving their community. However, the water utility workforce is retiring rapidly, and public clean water utilities struggle to compete with other sectors for skilled workers, creating a need to help connect young workers to water jobs.

Congress authorized the Water Workforce Infrastructure Grants Program in 2018 to facilitate innovative workforce training programs that support a skilled workforce and train the next generation of water stewards. NACWA supports funding the full \$5 million authorized for this program in the IIJA to train and develop the utility workforce of the future and ensure long-term stability in the sector. NACWA also requests that the Agency clarify

that public clean water and drinking water utilities are eligible to receive these grants directly in partnership with training and educational institutions that can help develop and implement the programs.

PFAS

NACWA strongly supported the provision of \$1 billion in the IIJA for clean water utilities to address emerging contaminants such as per- and polyfluoroalkyl substances (PFAS). Clean water utilities are very concerned about the presence of emerging contaminants in their influent, the impacts these chemicals have on their treated effluent and biosolids, and the potential costs that may accrue to public ratepayers. We are encouraged with EPA's release of the PFAS Roadmap in October, outlining critical steps being advanced under numerous regulatory initiatives to respond to PFAS.

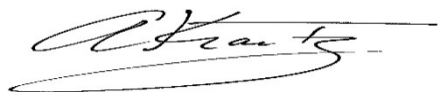
NACWA supports strong funding for EPA to advance work expeditiously to advance our scientific understanding of PFAS in the environment – particularly exposure pathways, toxicity levels, and treatment technologies – to guide the development of appropriate risk-based standards that protect public health and the environment. This funding should also be used to advance source control and the transition from PFAS in our manufactured products and supply chains to alternative materials.

Geographic Programs

NACWA supports robust FY23 funding for **EPA's Geographic Programs**, such as the Great Lakes Restoration Initiative (GLRI), Chesapeake Bay Program and Long Island Sound among others, which support critical watershed-based investments; **Section 319 Nonpoint Source grants** that are instrumental in pursuing holistic watershed solutions to impairments driven by nonpoint sources, which remain the largest outstanding driver of water quality impairments; and strong funding for **EPA's National Priorities Water Research grant program** that advances research on critical and timely water issues.

NACWA looks forward to a continued close partnership between clean water agencies and EPA in protecting human health and the environment. We believe the funding levels recommended in this letter will help advance this critical work and we look forward to further discussions with EPA and Congress on ensuring the continued investment in clean and safe water.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Krantz", with a horizontal line extending to the right.

Adam Krantz