

**National Association of Clean Water Agencies (NACWA)**  
**Written Testimony Submitted to Senate Committee on Appropriations, Subcommittee on**  
**Interior, Environment, and Related Agencies**  
**Regarding FY23 U.S. Environmental Protection Agency (EPA) Funding**

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The National Association of Clean Water Agencies (NACWA) represents 350 public wastewater and stormwater utilities nationwide, both large and small, that collectively provide clean water services to more than 150 million Americans daily. These essential public services protect public health and the environment and are vital for local economic growth.

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, meeting the needs of disadvantaged communities, and ensuring system resilience in the face of climate change and cyber risks.

NACWA greatly appreciates the support for clean water provided by Congress under the *Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law (BIL)*. The *BIL* reflects a strong recommitment by the federal government as a funding partner in water infrastructure investment and begins to address the disparity whereby 95 percent of drinking water and wastewater infrastructure investment comes from local ratepayers and states.

NACWA has engaged with EPA, 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, and we look forward to partnering with Congress to ensure appropriate oversight of *BIL* implementation.

However, the funds provided by the *BIL* are simply a down payment on the additional federal funding needed to help address the nation's water infrastructure challenges. EPA has estimated that [nearly \\$750 billion](#) in capital investment in wastewater and drinking water must be made by local, state, and federal partners over twenty years to meet federal water quality and health objectives. Even with *BIL* investments, clean water still ranks behind other infrastructure sectors like surface transportation, mass transit, and rail in the amount of federal assistance it receives. It is critical that many of the water programs that were authorized, but not appropriated in the *BIL*, receive full funding for FY23.

Below are NACWA's FY23 Appropriations requests. As always, NACWA appreciates the Subcommittee's strong engagement and collaboration with the Association and our members, and your consideration of these clean water priorities.

**Clean Water State Revolving Fund (CWSRF)**

The CWSRF is the primary federal clean water financing tool that communities and public clean water utilities utilize to help meet their Clean Water Act (CWA) obligations and infrastructure

needs. The CWSRF has been instrumental to communities' successes in advancing water quality and public health protection. While the *BIL* provided a 5-year infusion of additional funds into the CWSRF, we appreciate that it was clearly the intent of Congress for the *BIL* funds to supplement – not supplant – continued robust annual CWSRF appropriations. NACWA supports CWSRF funding at the full *BIL* 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 across the country.

Additionally, NACWA members who benefited from Congressionally Directed Spending greatly appreciate the direct funding provided through the FY22 Omnibus Appropriations. These funds will help utilities undertake important work in the communities they serve. However, as the Committee considers future spending levels, NACWA requests that funding for these projects not be taken from the CWSRF but rather as a separate inclusion within the State and Tribal Assistance Grant Program. This will help ensure that communities who secured Congressionally Directed spending for their projects are funded without reducing access to CWSRF financing by all eligible communities long-term, as well as protect its long-term viability.

Technological innovation also has an important role in managing water quality challenges and potentially reducing costs for utilities in the long-term. NACWA requests that the Committee provide language encouraging EPA, states, and local communities support the use of new technologies under the CWSRF.

### **Low-Income Water Assistance**

NACWA has long supported the creation of a federal low-income water assistance program at EPA to assist households in maintaining access to affordable and reliable public clean and drinking water services. Similar federal programs exist to help low-income households with food and energy costs, as the time has come for water to be treated equally. A robust and permanent federal water assistance program is key to helping communities and public utilities provide service to all customers while also 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 the *BIL*'s authorizing a national assessment by EPA of the water and sewer affordability challenges low-income households face, and authorizing an EPA pilot program to provide federal low-income water customer assistance. However, funding is necessary to get this program off the ground, and NACWA requests a minimum of \$225 million in FY23 to initiate it.

Existing emergency water assistance provided for low-income households during the pandemic is quickly being spent down by the states, suggesting a drop-off in support is near. NACWA stands ready to help EPA and Congress with this effort and is coordinating a project with leading water sector associations to develop recommendations for a successful low-income water assistance program.

### **Sewer Overflow and Stormwater Reuse Municipal Grants**

Reducing sewer overflows can be very costly and over the years has been a key driver of financial strain on many communities and their ratepayers. This is especially clear in communities under federal consent decrees, dealing with aging infrastructure, and/or adjusting to population and economic shifts. Meanwhile, improved stormwater management and greater water reuse practices 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 growing this 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 at higher levels but not directly appropriated in the *BIL*. NACWA supports full funding of the reauthorized level of \$280 million in FY23.

### **Integrated Planning**

Integrated Planning (IP) is a tool that allows communities the ability to sequence and prioritize how they meet local clean water obligations and long-term infrastructure needs. The approach maintains water quality requirements but allows the local community greater agency over their investments and ability to manage costs over time.

It takes significant work by a community to develop an integrated plan, along with considerable resources from the state regulatory agency and EPA to review and approve. Dedicated financial resources for IP will help EPA work with communities to develop integrated plans and provide technical assistance to states so they can work with local communities to better incorporate integrated planning concepts into their CWA permits.

NACWA strongly requests \$2 million in FY23 appropriations 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 utilities struggle to compete with other sectors for skilled workers.

NACWA has strongly supported EPA's Water Workforce Infrastructure Development Grant Program and supports the fully authorized funding level of \$5 million in FY23. This funding will support innovative efforts to develop tomorrow's utility workforce and ensure long-term stability in the sector. NACWA also requests that the Committee clarify that utilities are given direct consideration as a potential recipient of funding under the program regardless of how they are locally structured, in line with [provisions](#) under the *BIL* directing the Agency to do so.

### **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. NACWA supports funding equal to the FY22 appropriated amount of \$69.5 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, rural, and lesser-resourced communities.

### **Clean Water Infrastructure Resilience and Sustainability Program**

NACWA was strongly supportive of this new program that was established under the *BIL*. These program grants will be helpful to utilities who are on the front lines of mitigating the impacts of climate change and ensuring resilience services - through building resilient infrastructure, managing wet weather, and piloting integrated and adaptive. NACWA requests the fully authorized amount of \$25 million in FY23 to jumpstart this program.

### **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.

NACWA urges funding for EPA to advance its work to better develop 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 work can also help advance source control and the transition from PFAS in products and supply chains to alternative materials.

As a key part of this, NACWA urges Congress to provide dedicated funding to bolster EPA’s Biosolids Program, which regulates the beneficial reuse of wastewater treatment residuals. Their ongoing work on a problem formulation for biosolids is critical to providing certainty for wastewater treatment and residuals management.

NACWA strongly supported the \$1 billion in appropriations under the *BIL* for clean water utilities to address emerging contaminants such as per- and polyfluoroalkyl substances (PFAS). We are concerned, however, that since these funds are flowing through the CWSRF, they may be limited to existing SRF eligibilities, which focus on capital investment, to the potential exclusion of near-term utility PFAS costs. These critical funds can be put to work immediately on sampling, monitoring, studies, and expanding pretreatment programs with local industry to better understand at a local level how the contaminants enter the wastewater system, their fate, and how to reduce concerning sources of PFAS in anticipation of EPA or state standards. NACWA requests that the Committee consider clarifying the use of these appropriated funds moving forward.

### **Additional Key Programs**

NACWA also supports increased funding for **EPA’s Geographic Programs**, which support critical watershed-based investments; **Section 319 Nonpoint Source grants** that support watershed solutions to pollution driven by nonpoint sources, which remain the largest outstanding driver of water quality impairments; and \$20 million for **EPA’s National Priorities Water Research grant program** which supports work on timely national water research priorities.