

National Association of Clean Water Agencies (NACWA)
Written Testimony Submitted to: House Committee on Appropriations, Subcommittee on
Interior, Environment, and Related Agencies
Regarding FY21 U.S. Environmental Protection Agency (EPA) Funding

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The National Association of Clean Water Agencies (NACWA) represents over 330 public wastewater and stormwater utilities nationwide, both large and small, who collectively provide essential 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.

NACWA appreciates the Subcommittee's strong engagement and collaboration with the Association and our members over the past several years to provide strong funding for key clean water programs. Looking to build on this momentum, below are NACWA's FY21 EPA Appropriations priorities. Thank you for your consideration and please feel free to contact NACWA to discuss further.

Program: Clean Water State Revolving Fund
Funding Request: \$3.4 B (~2x FY20 enacted)

The Clean Water State Revolving Fund (CWSRF) is a critical financing tool that communities and public clean water utilities, both large and small, leverage to help meet their federal obligations under the Clean Water Act (CWA).

U.S. wastewater and stormwater infrastructure are at a major juncture and increased federal investment is critical to ensure clean water gains of the past fifty years are maintained and built upon. Local communities currently bear the majority of clean water costs, with 95 percent of water infrastructure investment currently coming through local ratepayer and state funding. At the same time, public utilities are being asked to do more – to address aging infrastructure, manage increasingly complex water quality challenges and regulatory requirements, all while maintaining rates that are affordable for all customers.

Furthermore, additional federal investment is needed as sewer and water rates continue to increase and outpace the rate of inflation. NACWA's 2019 Cost of Clean Water Index indicates that the average cost of wastewater services rose by 1.9 percent in 2019 and 3.9 percent in 2018, surpassing the increase in the rate of inflation as measured by the Consumer Price Index (CPI) each year. The national average amount that a single-family residence pays for wastewater collection and treatment is now \$513 per year, and that figure is over \$900 in some parts of the country. This is the 18th consecutive year that wastewater service charges have increased faster than inflation, doubling the average wastewater service charge since 2003.

The CWSRF has a demonstrated record of success in communities across the country, both large and small. It 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, implementing innovative stormwater and nutrient management projects, and upgrading aging infrastructure and improving overall local water quality.

Program: Sewer Overflow and Stormwater Reuse Municipal Grants

Funding Request: \$225 M

Controlling sewer overflows and ensuring proper management of stormwater are essential to protecting public health and the environment. Compliance with increasingly stringent water quality standards, however, is very costly, placing financial strain on many communities and their ratepayers, especially in older communities dealing with aging infrastructure and population and economic shifts.

The *America's Water Infrastructure Act (AWIA)* (P.L.115-270) authorized \$225 million per fiscal year for grants to states and municipal entities for treatment works to intercept, transport, control, treat, or reuse municipal combined CSO, SSO, and/or stormwater. AWIA purposefully included stormwater management as an eligible use alongside sewer systems to facilitate stormwater reuse, help reduce flooding, and improve environmental health.

In FY20, Congress took a major step forward by funding these sewer overflow grants – originally proposed in conjunction with the 1994 CSO Policy – for the first time ever. NACWA appreciates Congress' FY20 appropriation of \$28 million for the program. However, funding of \$225 million or more is critical to help communities and their ratepayers more affordably meet their compliance obligations and mitigate against the negative impacts of wet weather Combined Sewer Overflow (CSO) and Sanitary Sewer Overflow (SSO) discharges into local waterbodies.

Program: Integrated Planning

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

At the end of 2018, Congress passed the bipartisan *Water Infrastructure Improvement Act* (Public Law No: 115-436) which codified EPA's Integrated Planning (IP) Framework to provide local communities with critical flexibilities in meeting their CWA obligations and ensure residents continue receiving safe, reliable, and affordable clean water services. The bill also included a provision establishing a Municipal Ombudsman's office within EPA to provide municipalities with a dedicated point of contact within the Agency to ensure Agency policies are being implemented appropriately and consistently at the local level.

The integrated planning approach helps communities prioritize and meet their specific clean water obligations and better manage costs over time. However, to ensure integrated planning is utilized as Congress intended, it is critical EPA have additional resources to fund the Ombudsman office and provide states with needed guidance on how to incorporate integrated planning concepts in CWA municipal permits.

However, since passage of the *Water Infrastructure Improvement Act* over one year ago, EPA has yet to fully provide states and communities with the knowledge and resources needed to best utilize Integrated Planning to better prioritize utility CWA obligations, nor has EPA hired a Municipal Ombudsman and/or corresponding staff. NACWA appreciates the subcommittee

including report language in the final FY20 passed bill that supports Integrated Planning activities at the agency. Dedicated Congressional funding is essential however to ensuring EPA has the resources to fully and properly implement the law and help local communities fully utilize this important clean water tool.

Program: Innovative Water Infrastructure Workforce Development Program

Funding Request: \$10 M

Jobs in the water sector provide a good career with competitive wages that tend to pay more on average compared to all occupations nationally. Over the next decade however, the water utility workforce is expected to incur a retirement rate of over one-third. This number is not only alarming given the important daily work of these professionals but is also problematic given the extensive education and training these jobs require.

AWIA 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. NACWA appreciates Congress' full funding of this program at \$1 million in FY20 and requests additional funding for FY21.

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, comprised of federal, State, local, and non-governmental entities, has made good progress to date on evaluating public and private funding sources for constructing, rehabilitating, operating and maintaining stormwater infrastructure. NACWA requests \$1 million in FY21 to continue the task force's work.

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

Funding Request: \$68 M (FY19 enacted level)

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, as well as appreciates Congress' continued appropriations support of WIFIA. Returning to the FY19 appropriations level is critical to maintaining this important funding program.

Program: Geographic Programs

Funding Request: \$510.3 M (Maintain FY20 enacted level)

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 and are strongly supported by NACWA members. 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.

Program: Categorical Grants: Nonpoint Source §319

Funding Request: \$200 M

The CWA has been remarkably successful in reducing point source discharges, however in many watersheds, it is nonpoint sources that remain the largest outstanding driver of water quality impairments. For many NACWA members, greater progress in addressing water quality concerns hinges on pursuing holistic watershed solutions to impairments driven by nonpoint sources. Section 319 grants are instrumental in aiding in this progress by providing funding to states to provide technical and financial resources, monitoring, training and other assistance on-the-ground in local communities. The grants can also provide an opportunity for point sources, like NACWA's members, to partner collaboratively with nonpoint sources at the watershed level to help make real water quality improvements.

Program: Categorical Grants: Pollution Control §106

Funding Request: \$230 M (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. NACWA's members continually engage with their state programs offices on all aspects of CWA permitting, compliance and enforcement.

Program: National Priorities Water Research Program

Funding Request: \$20 M

Since 2012, Congress has continually supported the National Priorities Water Research grant program under EPA's Science and Technology Account. This grant program is the most important source of federal funding that directly supports water research and technology development and deployment to help tackle water research priorities 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. More research funding is needed to better understand and meet the growing and increasingly complex nature of water quality challenges.

Program: Innovative Financing for State Loan Funds

Funding Request: \$5 M (Separate from \$68 M WIFIA Program Request)

AWIA included a pilot program provision, now known as SWIFIA, 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 appreciates that \$5 million was provided for this new provision in FY20 and requests continued funding in FY21.