

**Association of State Drinking Water Administrators
Testimony to the House of Representatives Appropriations
Subcommittee on Interior, Environment, & Related Agencies
For FY 2020 EPA Funding
Submitted by J. Alan Roberson, P.E., Executive Director, ASDWA
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Summary of Request: *The Association of State Drinking Water Administrators (ASDWA) submits the following recommendations for Fiscal Year 2020 appropriations on behalf of the drinking water programs in the fifty states, five territories, District of Columbia, and Navajo Nation. ASDWA requests funding for two programs that ensure public health protection and that will result in enhancing economic stability and prosperity in American cities and towns. ASDWA requests **\$125 million** for the Public Water System Supervision (PWSS) program and **\$1.30 billion** for the Drinking Water State Revolving Loan Fund (DWSRF) program. ASDWA also requests **\$45 million** for three drinking water grant programs to address lead in schools and communities.*

Overview: The Importance of Safe Drinking Water for Our Communities and the Economy & the Role of State Drinking Water Programs

States need sustained federal support to maintain public health protection and to support the needs of the water systems they oversee. State drinking water programs strive to meet the Nation's public health protection goals through two principal funding programs: the Public Water System Supervision (PWSS) Program and the Drinking Water State Revolving Loan Fund (DWSRF) Program. These two programs provide most of the funding for states to work with drinking water utilities to ensure that American citizens will have safe and adequate water supplies.

Vibrant and sustainable communities, their citizens, workforce, and businesses all depend on a safe and reliable supply of drinking water. Economies only grow and sustain themselves when they have safe and reliable water supplies. Over 90% of the population receives water used for bathing, cooking, and drinking from a water system that is overseen by state drinking water program personnel. Water systems – as well as the cities, villages, schools, and businesses they support -- rely on state drinking water programs to ensure they comply with all applicable federal requirements.

In addition to the water we drink in our homes, water produced by water systems is also used to fight fires, transport wastewater, cook, wash clothes and dishes, as well as by businesses for manufacturing, food processing, and cooling. State drinking water programs must have adequate funding to protect public health and maintain the economic health of communities. Incidents such as the chemical spill in Charleston, West Virginia, algal toxins in the water for Toledo, Ohio and Salem, Oregon, and the lead leaching from service lines into the water supply in Flint, Michigan all serve as stark reminders of the critical nature of the work that state drinking water programs do – every day – and the reason why the funding for state drinking water programs must be not only be sustained but enhanced. More recently, the discovery of Per- and Polyfluoroalkyl Substances (PFAS) contamination adds to the urgency of the need for funding.

State Drinking Water Programs: How they Operate, Why Support is Needed, and Justifications for Requested Amounts

The Public Water System Supervision (PWSS) Program

How the PWSS Program Operates: To meet the requirements of the SDWA, states have accepted primary enforcement responsibility for oversight of regulatory compliance and technical assistance efforts for more than 150,000 public water systems to ensure that potential health-based violations do not occur or are remedied in a timely manner. This involves 91 federally regulated contaminants and the complexity of regulations has increased in the past decade. Beyond the contaminants covered by federal drinking water regulations, states are also implementing an array of *proactive* initiatives to protect public health from “source to tap.” These include source water assessments and protections, technical assistance for water treatment and distribution, and enhancement of overall water system performance. Recently, many states have begun to set drinking water standards for non-federally regulated contaminants, such as PFAS. State activities go well beyond simply ensuring compliance at the tap and these activities have to be efficient given continued resource and funding constraints.

Why Adequate Support is Needed: States will be unable to protect public health without increased federal funding. Inadequate federal support for state drinking water programs has several negative consequences. For example, consider the proposed Long-Term Revisions to the Lead and Copper Rule (LT-LCR). As part of [ASDWA’s comments on EPA’s Federalism Consultation](#), ASDWA conducted a Costs of States’ Transaction Study. The resulting data estimated that the costs of states’ staff time for the LT-LCR would be in the range of 72%-95% of current PWSS funding. *Without additional funding, this important rule will be an unfunded mandate for states.* Many states are facing difficult choices on what implementation activities to not do, such as providing less technical assistance to systems that need it. Others are looking to EPA for assistance, which is challenged by similar resource constraints and lack of “on the ground” expertise. States want to offer the flexibilities allowed under existing rules to local water systems, however, fewer state resources mean less opportunity to work individually with water systems to improve their systems and protect public health.

State drinking water programs are already hard pressed financially and the funding gap continues to grow. State-provided funding and fees to the water systems have historically compensated for insufficient federal funding, but state budgets have been less able to bridge this funding gap in recent years. Insufficient federal support for this critical program increases the likelihood of scenarios that put the public’s health at risk. The Administration’s FY 20 request of \$67.9 million represents a 33% decrease for PWSS funding from the \$101.9 million that was appropriated for the PWSS program in FY 19. This level of funding has not been seen since 1995, nearly 25 years ago. This is an untenable situation, as the long-standing regulatory oversight remains constant and several non-regulatory actions such as addressing PFAS, algal toxins, and providing oversight for the development of water systems’ inventories of lead service lines have increased states’ workloads. States always step in to help solve problems and return systems to providing safe water as quickly

as possible. Any reduction in federal funding for state water programs, no matter how small, exacerbate the existing financial difficulties.

For the PWSS Program in FY 20, ASDWA Respectfully Requests \$125 million: The number of regulations requiring state implementation and oversight as well as performance expectations continue to grow while the federal funding support has been essentially “flat-lined.” Inflation has further eroded these static funding levels. The requested funding amount is based on [ASDWA’s December 2013 Resource Needs Report](#) and *begins* to fill the above-described resource gap. The funding gap identified in the 2013 report is compounded by inflation and non-regulatory activities yields a total funding gap of 73.3% for state drinking water programs, as outlined in [ASDWA’s 2018 Beyond Tight Budgets](#) report. Increased PWSS funds are urgently needed for implementing existing drinking water rules, taking on new initiatives, and to account for the eroding effects of inflation. It is a small price to pay for protecting the health of the Nation.

The Drinking Water State Revolving Loan Fund Program

How the DWSRF Program Operates: Drinking water in the U.S. is among the safest and most reliable in the world, but it is threatened by aging infrastructure. Through low interest loans provided by the DWSRF, states help water utilities overcome this threat. Since its inception, the DWSRF has touched millions of Americans through projects that enhance drinking water capabilities at water utilities. In the core DWSRF program, \$19.8 billion in cumulative federal capitalization grants since 1997 have been leveraged by states into over \$38.2 billion in infrastructure loans to 14,500 communities, large and small, across the country. 26 percent of the cumulative DWSRF assistance, including negative interest loans and principal forgiveness, has been provided to disadvantaged communities. Such investments pay tremendous dividends – both in supporting our economy and in protecting our citizens’ health. For every \$1 invested in the DWSRF from the federal government, \$1.95 has gone to help communities. States have effectively and efficiently leveraged federal dollars with state contributions.

An important feature of the DWSRF program is the state “set-aside” fund component, a key reason to fully fund this critical program. Set-asides function provide a process for states to work with water systems to maintain compliance and avoid violations. States may reserve up to 31 percent of these funds for a variety of critical tasks, such as increasing the technical, managerial, and financial capacity of water systems, providing training and certification for water system operators, and continuing wellhead and source water protection efforts. Set-asides are an essential source of funding for states’ core public health protection programs and these efforts work in tandem with infrastructure loans. However, as PWSS funds have remained stagnant, state programs have increasingly relied on the DWSRF set-asides to perform critical tasks and fill the gap between PWSS funds and the true funding it takes to run an effective state program. As states have been forced to utilize additional funding through set-asides, the DWSRF is losing out not only on those funds for that year, but the revolving aspect is lost as well. Increased funding for the PWSS program would help alleviate states using the full 31 percent of the set-asides, allowing for more infrastructure investment through the loan fund.

Drinking Water Infrastructure Investment is Well below the Documented Need: [EPA's 6th Drinking Water Needs Survey](#) concluded that \$427.6 billion of capital investment was needed for the next 20 years. The total translates to \$21.4 billion annually. Continued investment is needed for aging treatment plants, storage tanks, pumps, and distribution lines that carry water to our nation's homes, businesses, and schools. The DWSRF must continue to be a key part of the infrastructure solution. Unlike other water infrastructure funding programs, the DWSRF offers project subsidization for disadvantaged communities, funds for training and technical assistance, and is a fundamental funding mechanism for many medium and small utilities who would pay much higher interest rates if forced to use the bond market. The DWSRF plays a key role in keeping water rates affordable for many communities. Having access to low-interest loans allows water systems to pass on the savings to their rate payers while working towards full-cost pricing of their water service.

For the DWSRF Program in FY 20, ASDWA respectfully requests \$1.30 billion: Multiple years of flat DWSRF funding has only exacerbated the nation's infrastructure challenges. The DWSRF program was funded at \$1.30 billion for FY18 and FY19, a \$300 million increase from previous years of steady funding, however, more is required. In America's Water Infrastructure Act (Public Law 115-270), Congress authorized a plan to increase the funding of the DWSRF over time so that states can increase their staff and expand their expertise in conjunction with the increased funding. ASDWA fully supports the authorized increased funding. Physical water infrastructure improvements coupled with critical assistance initiatives funded by the DWSRF are essential to support public health protection as well as a sustainable economy. Funding the DWSRF at the recently authorized \$1.30 billion level will better enable the DWSRF to meet the SDWA compliance and public health protection goals.

Three EPA Drinking Water Grant Programs to Address Lead in Schools and Communities

ASDWA respectfully requests \$45 million for three drinking water grant programs: In FY 19 appropriations, Congress funded the Voluntary School and Childcare Lead Testing Grant program at \$25 million and the Lead Reduction Grant program at \$15 million. ASDWA requests Congress continue the same appropriation for FY 20. In 2018, Public Law 115-270 authorized \$5 million for a new EPA grant program to provide assistance to local educational agencies for the replacement of drinking water fountains manufactured prior to 1988. ASDWA also requests that Congress appropriate the \$5 million authorization for this new grant in FY 20. Addressing lead contamination in schools' water is a priority for state drinking water programs and funding these two additional grant programs will provide significant public health impacts, particularly for children.

Conclusion: ASDWA recommends Congress adequately fund state drinking water programs in the federal FY 20 budget in order to protect public health and drinking water across the nation. States are willing and committed partners, however, additional federal financial assistance is needed to meet the ongoing and ever growing regulatory, infrastructure, and security needs. A strong state drinking water program supported by the federal-state partnership will ensure that the quality of drinking water in this country will continue to improve so the public knows that a glass of water is safe to drink no matter where they live.