

**Association of State Drinking Water Administrators  
Testimony to the Senate Appropriations  
Subcommittee on Interior, Environment, & Related Agencies  
For FY24 Environmental Protection Agency (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 2024 (FY24) appropriations on behalf of the drinking water programs in the 50 states, five territories, the District of Columbia, and the Navajo Nation:

- ASDWA recommends that all Congressionally Directed Spending (CDS) be funded without cutting funding for the State Revolving Loan Funds (SRFs) capitalization grants. SRF capitalization grant reductions are negatively impacting drinking water programs.
- ASDWA recommends an immediate increase of **\$85 million** for the Public Water Supply Supervision (PWSS) Program, over and above the funding gap identified in the [ASDWA's 2020 Resource Needs Report](#). This report determined that the PWSS funding gap in 2020 would be \$375 million, increasing to \$469 million by 2029. The \$85 million in immediate additional funding is from the 2024 convergence of the deadlines for the initial lead service line inventories under the Lead and Copper Rule Revisions (LCRR), the final Lead and Copper Rule Improvements (LCRI), the final regulation for Per- and Polyfluoroalkyl Substances (PFAS), the final Consumer Confidence Report (CCR) Rule Revisions, and the inclusion of cybersecurity in sanitary surveys.
- ASDWA recommends funding the SRFs to the full authorizations of **\$3 billion** each.

ASDWA urges sufficient funding for the drinking water programs for improving public health protection and increasing economic stability and prosperity across the country.

***Congressionally Directed Spending***

**ASDWA requests that all Congressionally Directed Spending (CDS) be funded without cutting funding to the SRFs.** The current approach to fund the CDS projects at the expense of the SRF capitalization grants is catastrophic for state drinking water programs through reductions in the set-asides and in the funding that can revolve in perpetuity through loan repayments. The set asides fund state drinking water program staff that implement the Safe Drinking Water Act (SDWA) requirements. Reductions in the set-asides could threaten the ability of some states to maintain SDWA primacy. The total House FY24 requested funding CDS of \$1,126,088,000 for drinking water projects (noting that this does not include Senate FY24 requests) is greater than the FY22 capitalization grant for the Drinking Water State Revolving Fund (DWSRF) of \$1,126,088,000. If all the House requested CDS projects are funded, the DSWRF would be zeroed out. This is gravely concerning. A sustainable and separate funding source is needed for the CDS projects, now and in the future. States have significant concerns about the sustainability of their programs with the funding reductions from the reductions in the set-asides. With the reductions in set-asides, states

cannot maintain needed technical assistance programs and staff assistance to systems to meet their ongoing regulatory and infrastructure needs. These programs largely benefit small, rural communities as well as disadvantaged communities.

### ***The Public Water System Supervision (PWSS) Program***

**ASDWA recommends an immediate increase of PWSS funding by \$85 million due to the convergence of multiple mandates in 2024.**

**How the PWSS Program Operates:** To meet the requirements of the SDWA, states have accepted primary enforcement responsibility for regulatory compliance and technical assistance for more than 150,000 public water systems to ensure health-based violations do not occur or are fixed expediently. 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 and the environment, such as source water protection, technical assistance for water treatment and distribution, and enhancement of water system performance. State activities go well beyond simply ensuring compliance at the tap. Demand for these activities continues to increase due to new regulatory and non-regulatory actions such as the 2024 convergence of the deadlines for the initial lead service line inventories under the Lead and Copper Rule Revisions (LCRR), the final Lead and Copper Rule Improvements (LCRI), the final regulation for Per- and Polyfluoroalkyl Substances (PFAS), the final Consumer Confidence Report (CCR) Rule Revisions, and the inclusion of cybersecurity in sanitary surveys.

**Why Adequate Support is Needed:** States will be unable to protect public health without adequate federal funding. Inadequate federal support for state drinking water programs has several negative consequences. For example, as part of ASDWA's comments on EPA's proposed Lead and Copper Rule Revisions (LCRR), ASDWA updated its Costs of States' Transaction Study (CoSTS). This study found that the LCRR will increase state staff hours by 835,000 hours annually over the current Lead and Copper Rule in its first five years of implementation, at a cost to states of approximately \$50 million annually. Primacy agencies will face a significant increase in staff demands with the submissions of the initial lead service line inventories in 2024.

In addition to the LCRR, primacy agencies will face increased resource demands with the final PFAS regulation, the final Consumer Confidence Report (CCR) Rule, and cybersecurity. ASDWA estimates that the PFAS rule will increase state staff hours by 469,000 hours annually in its first five years of implementation, costing the states \$27 million annually. Additional costs of \$8 million annually will result from the Consumer Confidence Report Revisions and the inclusion of cybersecurity in sanitary surveys. The total increase in the state burden is \$85 million annually.

Without the additional PWSS funding, states will have to make tough decisions about how to prioritize support to existing programs to implement the requirements of the final LCRR, the final PFAS rule, the revisions to the CCR rule, and cybersecurity. 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 public health protection.

State drinking water programs are already hard pressed financially. State-provided funding has historically compensated for inadequate federal funding, but state budgets have been variable for the past few years, given the COVID-19 and other economic issues. Insufficient federal support for the PWSS program increases the likelihood of scenarios that put the public's health at risk. This is an untenable situation, as the long-standing regulatory oversight remains constant, new rules require additional regulatory oversight, and proactive actions that should be maintained such as technical assistance and source water protection have increased states' workloads. States consistently step in to help solve problems and return systems to compliance and to providing safe water as quickly as possible. Any reduction in federal funding for state water programs, no matter how small, exacerbates the existing financial difficulties.

**ASDWA recommends that the PWSS Program be funded at \$207 million in FY24 (a \$85 million increase), recognizing that this increase would not close the funding gap:** The number of regulations requiring state implementation and oversight as well as performance expectations continue to grow while the federal funding increases have not kept pace. Inflation has further eroded the static funding levels. The requested funding amount is based on [ASDWA's 2020 Resource Needs Report](#), which found the funding gap for the PWSS program in 2020 to be \$375 million, increasing to \$469 million by 2029. The funding gap has increased by \$197 million since the previous analysis in 2011 due to inflation and the increasing demands on state programs to maintain current regulatory oversight and to provide oversight on new rules. The federal share of program funding has decreased by 8% since the previous analysis in 2011. Increased PWSS funds are urgently needed for implementing existing drinking water rules, taking on the new rules, and to negate the eroding effects of inflation. This is a small price to pay for public health protection.

### ***The Drinking Water State Revolving Loan Fund Program***

**ASDWA recommends that Congress fund the DWSRF at the full authorization - \$3 billion.** In 2021, Congress recognized the need for increased funding for water infrastructure by reauthorizing the SRFs in the Drinking Water and Wastewater Infrastructure Act in the IIJA. However, Congress has not funded the SRFs to the newly authorized levels to meet this need.

**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 and emerging contaminants. Through low interest loans provided by the DWSRF, states help water systems overcome these threats. Since its inception, the DWSRF has provided funding for projects that enhance drinking water systems and protect public health. Through the DWSRF program, \$21.1 billion in federal capitalization grants since 1997 have been leveraged by states into over \$41.1 billion in infrastructure loans to 14,500 communities across the country. About 26% of the cumulative DWSRF funding, including low- and negative-interest loans, has been provided to small, rural, and disadvantaged communities. Such investments pay tremendous dividends – both in supporting our economy and in protecting public health. For every \$1 invested in the DWSRF from the federal

government, \$2 has gone to 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 provide a process for states to work with water systems to maintain compliance and avoid violations. States may reserve up to 31% 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 source water protection efforts. Set-asides are an essential source of funding for states’ core programs and these efforts work in tandem with infrastructure loans.

**Drinking Water Infrastructure Investment is Well below the Documented Need:** [EPA’s 6<sup>th</sup> 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. 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 infrastructure projects and upgrades affordable for many communities.

**Conclusion:** States need sustained federal support through the PWSS and DWSRF programs to maintain public health protection and to support the needs of the water systems they oversee. These programs provide most of the funding for states to work with drinking water utilities to ensure the state-federal regulatory partnership ensures that American citizens 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. Over 90% of the population receives water used for bathing, cooking, and drinking comes 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. Contamination events and water supply interruptions across the country serve as stark reminders of the critical nature of the work that state drinking water programs do – every day – and the reason the funding for state drinking water programs must be not only sustained but increased to match the increased regulatory burden.

**ASDWA recommends Congress fully fund state drinking water programs in the FY 24 to protect public health and drinking water across the nation. States are willing and committed partners, however, additional federal funding is needed to meet the ongoing and growing regulatory and infrastructure needs. Strong state drinking water programs supported by the federal-state partnership will ensure 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.**