



Urban Water Council

Newsletter of the Urban Water Council of The United States Conference of Mayors

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Clean Water Threatened – As Federal Funds Decline, the Cost of Clean Rises

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In February 2001 the Water Infrastructure Network (WIN) issued its pioneering document titled Water Infrastructure Now. This report estimated a growing clean water infrastructure funding gap in the hundreds of billions of dollars. In the years since the report's publication, a growing consensus has emerged about the looming clean water funding crisis.

At the federal level, the Congressional Budget Office (CBO), the Government Accountability Office (GAO) and the U.S. Environmental Protection Agency (EPA) have independently confirmed WIN's findings that communities around the country will need to spend \$300 to \$500 billion over the next 20 years to repair and upgrade aging water infrastructure.

Under the Clean Water Act (CWA), the federal government funded over 75% of clean water infrastructure at its peak in the 1970s. By 1981 this had declined to 55% and today the federal government's

share is under 5% with a target of zeroing out clean water funding over the next few years.

As the Executive Director of the National Association of Clean Water Agencies (NACWA), which represents nearly agencies nationwide, I know first-hand that local governments are shouldering virtually all of the financial burden and increasing their debt loads to pay for needed infrastructure improvements.

According to the most recent figures from the U.S. Census Bureau, water and sewer expenditures rank second, behind only education, among all categories of local government spending, including police, hospitals, fire protection, housing and community development, highways and air transportation. In contrast, federal and state contributions to water infrastructure continue to dramatically decline as a percentage of overall water and sewer funding.

Without a meaningful federal re-commitment to clean water investment we risk losing ground in the struggle to meet national water quality goals. Like highways and airports, our nation's water



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infrastructure provides local, state and national benefits. The federal government has decided that airports and highways are important enough to warrant dedicated and sustainable funding of over \$30 billion and \$10 billion per year respectively. Yet no resource is as critical to our everyday lives as clean and safe water. It is time to make sure this most fundamental resource is secured for generations to come.

Why Support a Clean Water Trust Fund?

While improved utility management and local rate increases need to be taken into account, a meaningful local-state-federal investment partnership must also be part of any viable solution. The creation of a permanent, national clean water trust fund to provide local communities with much-needed financial assistance when addressing critical water infrastructure needs accomplishes just that. Indeed the concept is now much closer to becoming a reality.

On December 15, 2005, The Clean Water Trust Act of 2005, H.R. 4560, was introduced in the U.S. House of Representatives. This legislation would create a \$7.5 billion per year clean water trust fund (\$37.5 billion total over five years) to support upgrades to the nation's water infrastructure needs via grants and loans. H.R. 4560 makes clear the fact that the Nation's clean water funding needs are comparable in scope and importance to those of our highway and aviation infrastructure.

It is important to note that there have always been critics of trust funds — even of the most successful ones like highways and airports. These critics point to a distrust of the federal government's management of trust fund revenue; others argue that they fear that their state will not benefit equitably from a federal trust fund; while others maintain that federal involvement is simply unnecessary. As with highways and airports, however, supporters of a clean water trust fund outweigh the critics, especially when one takes into account public opinion, the history and goals of the CWA, the extent of the funding gap, and how a well-crafted piece of legislation, like H.R. 4560, can overcome the critics' concerns.

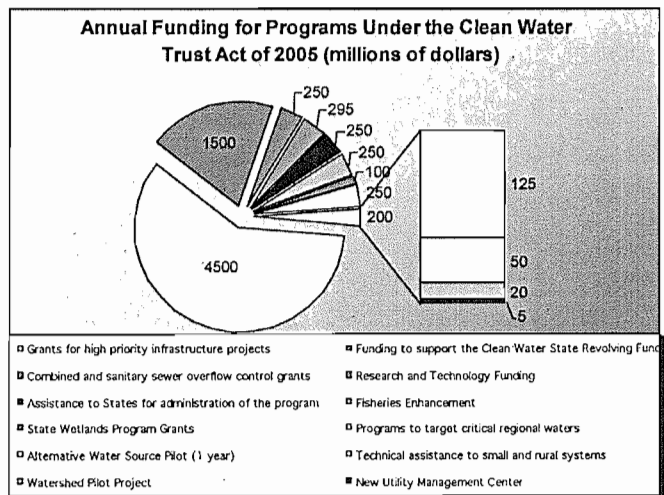
I am supportive of, and believe public officials from coast-to-coast should and will support, H.R.4560 because it would:

- Create a deficit-neutral trust fund for the sole purpose of protecting and improving the quality of the Nation's water;
- Fulfill the expectations of the public, 88% of whom believe clean water is a national issue and support the immediate enactment of a clean water trust fund;
- Help achieve the federally mandated goals of the Clean Water Act to ensure that the Nation's waters are fishable and swimmable;
- Enhance accountable federal rulemaking on clean and safe water issues;
- Reestablish a local-state-federal investment partnership as envisioned under the Clean Water Act;
- Supplement local and state revenue to help municipalities raise

additional local dollars for water infrastructure;

- Ensure the future of the Clean Water State Revolving Fund (CWSRF) and guarantee the primary role of states in determining the highest priority clean water projects;
- Improve infrastructure management by requiring assurances of appropriate and effective asset management from municipalities seeking to access funds; and
- Provide a 21st century solution to a funding crisis that threatens the Nation's environment, public health and economy.

Most important, the trust fund dollars will be used to address the backlog of critical clean water projects, meet unfunded mandates, and improve utility management based on state-determined priorities. The legislation also will enhance fisheries, encourage research, spur new technologies, and protect critical regional waters such as the Great Lakes, Chesapeake Bay and Gulf of Mexico. [See chart below]



Reinvesting in Infrastructure for our Clean Water Future

When Congress enacted the CWA in 1972, it cemented the nation's commitment to clean water and addressed the mounting sense of public health and environmental crisis among millions of Americans. In a statement that captured the fundamental importance of clean water, U.S. EPA Administrator William Ruckelshaus wrote in a letter to the Office of Management and Budget dated October 11, 1972, "More so than any other, water is our most important natural resource. It sustains our industry, our farms, our commerce, our enjoyment, our lives." The same remains true today.

Over 30 years later, despite tremendous progress, the Act's goals have not been met. Over 40% of the nation's waters remain impaired and with sewer systems reaching 100 years of age, the funding gap

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will continue to widen, threaten the Nation's public health, environment, and economy.

When facing similar funding needs in other critical infrastructure sectors, Congress has established trust funds supported by dedicated

revenue sources. There is no doubt America is facing a significant water infrastructure funding crisis that demands the establishment of a long-term and dedicated funding program comparable to the trust funds that currently finance our nation's highways and aviation infrastructure. It is time to ask one basic question – WHY NOT WATER?