



Water & Wastewater Investment

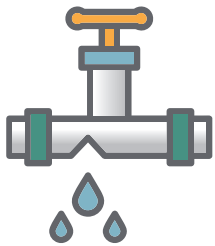
SIMPLY NOT ENOUGH FOR SERIOUS INVESTMENT

43 U.S. states will each receive less than \$1 million in drinking water infrastructure resources if the House FY2024 appropriations bill passes.



Source: Council of Infrastructure Financing Authorities

WATER/WASTEWATER INFRASTRUCTURE IS WEARING OUT



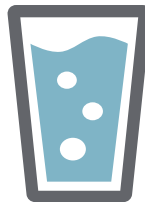
1.6 million miles of U.S. underground pipe infrastructure built in the mid-1900s exists today, with much of it exceeding its useful life and due for replacement over the next 20 years.

Source: Bluefield Research, "U.S. Municipal Water Infrastructure: CAPEX Forecasts and Utility Strategies, 2016-2025."

WATER/WASTEWATER INFRASTRUCTURE NEEDS UNTIL 2040

\$625 billion will be needed to improve America's drinking water infrastructure.

Source: EPA 7th DWINSAs Assessment Report



Issue background:

Water and wastewater projects are the basic foundation every American community uses for building a healthy, vibrant economy. Every American voter uses this infrastructure every day for health, safety, comfort, and life.

Incredibly, the U.S. House stripped out \$1.7 billion in critical resources needed to sustain water and wastewater infrastructure repairs and construction in the FY2024 Interior-EPA appropriations bill.

Half of the FY2024 reductions to the Environmental Protection Agency (EPA) are from these two critical construction funds, wreaking havoc to infrastructure repairs across the nation for the sake of a political talking point. For every \$1 billion in investment, 28,000 jobs are created, with half of them in industries other than construction.

Political grandstanding must not severely reduce the resources needed to repair an estimated \$625 billion of obsolete or deficient U.S. water infrastructure systems. These systems deliver the basic government service of providing clean, reliable drinking water to millions of Americans each day. Water's absence will be noted by every American from the moment they wake up.

What is NUCA's position?

Well-functioning water infrastructure systems are indispensable to maintaining the health of our nation's citizens. As water and wastewater systems continue to age and the costs of compliance with environmental requirements mount, states and local communities face increasing difficulties in paying for their needed infrastructure improvements.

The 20-year national drinking water infrastructure need for the United States as estimated by EPA's recent "7th Drinking Water States Needs Assessment" (DWINSA) is \$625 billion. This is a 32% increase over the 6th DWINSA (\$472.6 billion).

Congress established dedicated resources through the Clean Water Act and the Safe Drinking Water Act in 1987 and 1996 respectively to fund the Clean Water State Revolving Fund (SRF) and the Drinking Water SRF. These funds provide capital to revolving loan funds, which states and territories use to make subsidized loans for water and wastewater infrastructure projects.

Since their establishment, these low-interest loans have saved communities billions of dollars in water infrastructure. These loans provide a recurring source of funding to meet the perpetual requirement for sustained investment in these community water and sewer systems.

The 2021 Infrastructure Investment and Jobs Act (IIJA) allocated \$23 billion over the next four years to both the Drinking Water SRF and Clean Water SRF, each administered by the Environmental Protection Agency.

Both of these programs were supposed to be expanded to \$3 billion each under the 2021 infrastructure law, but are relying on annual appropriations to help meet what is still a huge funding gap. However, in FY22 and FY23 Congress did not appropriate funds at the levels authorized in IIJA (only 59.6% in FY23) and is reducing the positive impact sought by Congress with the 2021 law.

In July 2023, instead of trying to fix our nation's water infrastructure crisis, the House Appropriation Committee's Republicans catastrophically cut SRF funding by two-thirds—effectively zeroing out the House's support for one of our nation's most effective infrastructure programs. Other IIJA water programs went without funding entirely.

Around half of the proposed EPA cuts come at the expense of water funding, and much of what is left is distributed as grants through earmarks - essentially zeroing out SRF funding for FY2024.

Since 2022, Congress has cut \$2.3 billion or 42% in annual federal funding for state SRF projects to pay for Congressional earmarks. \$800 million in individual lawmaker earmarks are funded in the House FY2024 Interior-EPA bill, but those

only help specific projects as grants, not loans. Grants do not return (as loans do) resources to the SRF resource pool that helps meet future statewide resource needs. States repay these loans, which are then recycled back as repaid capital. Earmarks do not repay these funding resources, and ultimately impose millions in additional costs on states.

What can Congress do to help?

NUCA looks forward to working with Congress over the coming years to further our nation's commitment to clean water and economic growth.

- **Restore Full FY2024 Funding To The Drinking Water State Revolving Fund (SRF) and Clean Water SRF.** NUCA strongly urges the U.S. House and Senate to fully restore to final FY2024 appropriations legislation at least the \$2.1 billion sought by the 2021 Infrastructure law for these two critical state resource funds.
- **Reduce The Use of Earmarks For Water Infrastructure Projects.** Congress must recognize that earmarks for water and wastewater projects are shortchanging their own state and district's ability to finance future projects. Earmarks do not recycle SRF loan money back into projects.

Members also should recognize that earmarks are unfairly cutting into the resources that could have been made available for less-fortunate communities and states, especially for lead pipe mitigation.

- **Anticipate Future Infrastructure Resource Needs.** The historic Infrastructure Investment and Jobs Act (IIJA, H.R. 3684) was signed into law on November 15, 2021. Once fully implemented over five two years, this bipartisan \$1.2 trillion legislation has the potential to deliver a tremendous amount of additional resources needed by the American utility construction industry.

Planning for these additional needs should begin today, along with the resource demands of the late 2020s and beyond. Private funding must be explored, such as private activity bonds, to meet these needs and reduce the burden on taxpayers.

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