

Opening Statement: Chairman Michael Simpson

FY 2013 Oversight Hearing

Water Infrastructure Financing

March 13, 2013 (9:30 am)

Good morning and thank you for attending today's oversight hearing to review various financing options to pay for water infrastructure. We have a number of witnesses on two panels so I will keep my remarks brief so that we may hear from everyone, and quickly move to the question and answer session where I expect a robust discussion. I would ask that Members and witnesses do the same.

The intent of today's hearing is to discuss what we on the Appropriations Committee have appropriated to date to the Clean Water and Drinking Water State Revolving Funds; the current balances in the State Revolving funds and what that means for the number of loans and projects funded annually. Today's discussion is about how we get from point A to point B – from where we are to where we need to be.

In 2010, the Congressional Budget Office analyzed public spending on Transportation and Water Infrastructure and found that “state and local governments account for about 75 percent of total public spending on transportation and infrastructure – and the Federal government accounts for the other 25 percent”. Since 1987 – the first year of the Clean Water State Revolving Fund – the Committee has appropriated a total of \$52.3 billion to the SRFs. This includes last year's appropriation of \$2.38 billion for the Clean Water and Drinking Water State Revolving Funds.

In 2002, EPA's GAP Analysis identified a \$533 billion shortfall between the assessed need and the level of investment over a 20-year period. EPA's most recent clean water needs assessment in 2007, and most recent drinking water needs assessment in 2008, identified a combined \$633 billion in infrastructure needs through 2028. And that need is only certain to grow as population pressures increase, as chemical and other contaminants infiltrate, and as infrastructure continues to age.

This is a nationwide issue with very real local challenges. States and cities are reviewing their budgets and trying to find ways to pay for these infrastructure projects to ensure a clean and safe drinking water supply for their residents, while also maintaining critical services. Meanwhile, rate payers can't afford to see their water bills increase when struggling to make ends meet with their mortgage and higher food and gas prices.

At the Federal level, if SRF funding is maintained at the fiscal year 2012 mark, we wouldn't meet identified needs using Federal funds for more than 250 years. At the same time we have a massive Federal debt of more than \$16 trillion which demands that we reduce Federal spending. So we, too, face tough choices.

Some argue that one cannot find solutions using the options currently available to us, and most agree that there isn't one single approach that will serve as a "magic bullet". Therefore, we need some outside-of-the-box thinking, and all options need to be on the table.

We also need to be thinking about how to use existing funds and infrastructure more efficiently. The Congressional Budget Office estimates many urban drinking water systems lose 20 percent of their water through pipe leakage. The American Society of Civil Engineers estimates the resulting loss of 7 billion gallons of drinking water per day. Further, EPA estimates that there are at least 240,000 water main breaks each year in the US. In the Washington DC area, there were 2,211 breaks last year, which was the lowest total in the past six years. So we have significant challenges to address both for capital infrastructure and for the operations and maintenance. And I reiterate that I hope that we collectively bring some innovative thinking to the discussion today.

EPA serves as the Federal manager of the SRF funds. GAO has analyzed various infrastructure financing options and implementation challenges from a nationwide perspective. We appreciate and look forward to their testimony. We then have a second panel of witnesses that represent national, county, and city levels that have been thinking about both Federal and non-Federal investment opportunities and other innovative approaches to paying for water infrastructure projects. We appreciate the expertise that they bring to bear along with their respective policy and legislative ideas for Members of this Subcommittee to consider.