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Oversight of the Clean Water State Revolving Loan Fund Formula: U.S. Senate Committee on Environment and Public Works Hearing

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The United States Senate Committee on Environment and Public Works held a March 16th hearing titled:

Oversight of the Clean Water State Revolving Loan Fund Formula ("Hearing")

The *Hearing* focused on issues associated with the Clean Water State Revolving Fund ("Fund") which was created by the 1987 amendments to the Clean Water Act.

The Fund is a federal program that provides financial assistance for a wide range of infrastructure programs. See 33 U.S.C. § 1383. The Fund was amended in 2014 by the Water Resources Reform and Development Act.

States are provided the ability to fund certain types of projects that address their water quality needs. Fund programs can potentially provide loans to eligible recipients to:

- Construct municipal wastewater facilities
- Control nonpoint sources of pollution
- Build decentralized wastewater treatment systems
- Create green infrastructure projects
- Protect estuaries
- Fund other water quality projects

In Arkansas the Fund is administered by the Department of Agriculture's Arkansas Natural Resources Commission ("ANRC").

The ANRC provides that those eligible to potentially receive funds include:

- Cities
- Towns
- Counties
- Rural Development Authorities
- Public Facility Boards
- Water Associations
- Improvement Districts
- Regional Water Distribution Districts
- Levee and Drainage Districts

- Conservation Districts
- Regional Solid Waste Authorities
- Regional Wastewater Treatment Districts

Through the Fund the United States Environmental Protection Agency (“EPA”) provides grants to all 50 states (plus Puerto Rico) to capitalize state Fund loan programs. The states are required to contribute an additional 20 percent to match the federal grant monies.

Witnesses at the March 16th Senate Hearing included:

Thomas Sigmund

Executive Director of NEW Water

National Association of Clean Water Agencies

- Addresses:
- Background of the Fund
- Wisconsin and the Fund
- Formula allocations
- Attempts to reform the allocation
- Recommendations:
- No reduction in state funds
- EPA and states undertake a comprehensive Clean Watershed Needs Survey
- Congressional direction to EPA to update the formula based on an updated Needs Survey

Jonathan Ramseur

Environmental Policy Specialist

Congressional Research Service

- Addresses:
- Federal funding history for wastewater infrastructure
- Estimates of wastewater infrastructure funding needs
- Overview of the Fund
- History of Clean Water Act funding allotments
- Highlights of results from EPA’s 2016 report (including state-by-state comparisons)
- Allotment formulas and related programs
- Concluding observations

Kyle Dreyfuss-Wells

Chief Executive Officer

Northeast Ohio regional Sewer District

- Overview of the Northeast Ohio regional Sewer District (including size and service area)
- Discussion of annual operating budget and capital program
- Notes that the clean water industry conversations center on three factors:
- Rates
- Affordability
- Ensuring access for all customers to clean, reliable sewer service
- History of Cleveland environmental movement
- Federal funding history
- Discussion of shoreline storage tunnel
- References importance of focusing on older communities with aging infrastructure

Laura Watson

Director

Washington State Department of Ecology

- Notes Washington State Department of Ecology's priority goals
- Identify and fund the highest priority water quality focused projects statewide
- Provide funding through a fair, objective, and transparent process
- Provide the best possible funding packages for small, financially challenged communities
- Provide technical assistance to funding applicants and recipients
- Provide sound financial management of the funding programs and projects
- The State Fund program has received a total of \$830 million and EPA capitalization grants
- Cites examples of other states' programs utilizing the Fund
- Notes that ECOS supports a robust process to examine the funding formula
- Defining "need" in the funding formula
- Recommendations
- The definition of need should account for the unique needs of states
- The allotment formula should be based on recent and robust data
- Reevaluate other criteria after review of the 2022 Clean Watersheds Need Survey
- Congress should consider how environmental justice is incorporated in the formula
- The allotment formula should be developed and implemented on a timeline that ensures long-term, sustainable success for all state revolving funds
- Create accountability for timely data

A link to the Hearing notice with witnesses' written statements can be found [here](#).