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WATER

U.S. Water Systems Need Sustainable Funding:

The Case for the Water Affordability, Transparency, Equity and Reliability (WATER) Act

Fact Sheet • May 2016

Our nation's public water systems have provided reliable access to drinking water and safe disposal of wastewater for decades, yet a crisis looms. Some water lines are over a century old[1] and may no longer be capable of delivering safe water to our homes, schools and businesses. Many systems have old lead and cast iron pipes that need to be replaced to ensure that Americans have access to safe public drinking water.[2] The Water Affordability, Transparency, Equity and Reliability (WATER) Act would create a dedicated, sustainable source of funding to update our essential drinking water and sewer systems and replace aging and lead-ridden pipes.

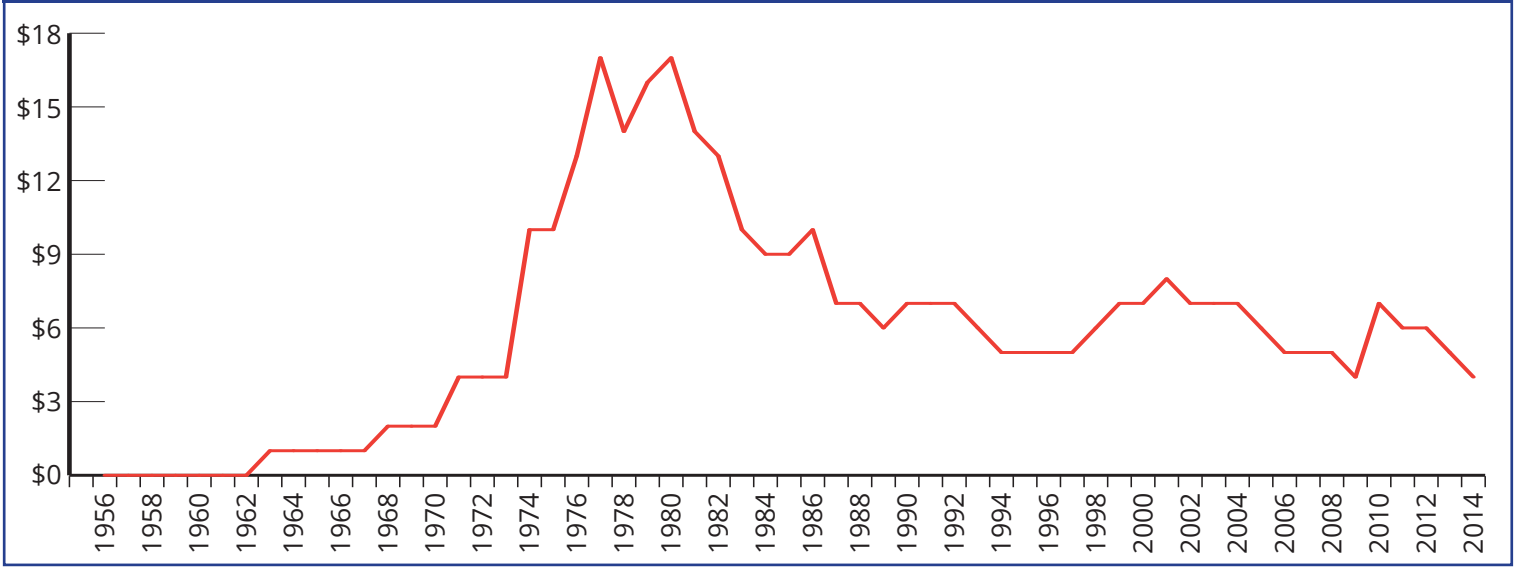
It is essential that we reverse the current decline in federal funding. Congress passed the Clean Water Act and the Safe Drinking Water Act to ensure that our waterways are protected[3] and that our drinking water is safe.[4] However, since the 1980s, the federal government has cut back funding to communities for water infrastructure, with assistance falling to 30-year lows during the George W. Bush administration.[5] Since its peak in 1977, federal funding for water infrastructure has been cut back by 74 percent in real dollars (see Figure 1 on page 2).

On a per capita basis, federal funding has declined 82 percent since its peak. In 1977, the federal government spent $76.27 per person (in 2014 dollars) on our water services, but by 2014 that support had fallen to $13.68 per person.[6]

At the same time, most of the water pipes under our streets were built at least half a century ago in the years immediately following World War II.[7] Now, this infrastructure is wearing out and many water lines have already reached the end of their usefulness, with much of the rest expected to fail within the next few decades.[8] This lack of investment in communities' water infrastructure poses a danger to the environment and threatens the safety of our drinking water for future generations.

The crisis in Flint, Michigan has brought attention to the serious problem of lead service lines and the dire need to invest in our water and sewer infrastructure. Nationwide, over 6 million lead service lines deliver water to millions of people.[9] Replacing these

FIGURE 1. Total Federal Spending on Water Utilities, 1956 to 2014 (in billions of 2014 dollars)



SOURCE: U.S. Congressional Budget Office. "Public Spending on Transportation and Water Infrastructure." (Pub. No. 49910). March 2015 at Supplemental Table W-8.

pipes could cost up to $30 billion.[10] Overall, approximately 11,200 community water systems have lead service lines,[11] including those that serve schools.

Usually homeowners own and are responsible for a portion of the lead service lines that bring water from the meter to their houses.[12] Replacing the customer-owned part of the pipe can cost more than $2,000,[13] and many homeowners cannot afford to do so. Failure to replace the entire lead service line puts people at risk of lead poisoning.

The WATER Act would provide up to $35 billion in dedicated funding each year to improve and update our drinking water and sewer systems,[14] distributed through the existing State Revolving Funds. The funding would come from a tax on offshored corporate profits. Currently if a U.S. multinational corporation keeps profits offshore, it doesn't have to pay U.S. tax on them.[15] The WATER Act would close this loophole and make those profits subject to U.S. tax in the year they are generated.

Key Provisions of the WATER Act

- Create the WATER Trust Fund to provide dedicated funding to the Drinking Water and Clean Water State Revolving Funds;
- Support water affordability and help prevent water shutoffs by requiring the U.S. Environmental Protection Agency (EPA) to produce guidance to promote universal access to safe water, and by requiring the EPA to coordinate a study about water affordability and shutoffs, discrimination and civil rights violations by water and sewer providers, and public participation in water regionalization efforts;
- Create the School Drinking Water Improvement Grant program to provide funding to public primary and secondary schools that wish to test, repair, replace or install the infrastructure necessary for drinking water fountains or bottle filling stations;
- Assist small, rural and tribal communities by providing dedicated funding for technical assistance to help rural and small municipalities and tribal governments make necessary improvements to their water and wastewater systems;
- Create a new grant program for residential septic tanks and drainage fields;
- Support public water by restricting funding to publicly owned and operated water systems and small private mom-and-pop systems, so that large water corporations no longer take subsidized loans and resources away from municipal and small systems;
- Help remove lead service lines by allowing the EPA to give grants to homeowners;
- Support disadvantaged communities by increasing the amount of additional subsidization available to help improve their water and sewer systems;
- Support safe drinking water for Native American communities by providing increased funding to grants for Indian Tribes and Alaska Native villages to provide drinking water.

The EPA estimates that our public wastewater and stormwater systems need at least $283 billion over the next 20 years to ensure that these systems comply with the Clean Water Act,[16] while our public water systems need at least $414 billion over the next 20 years to provide safe drinking water.[17] That's a total of at least $697 billion over 20 years, or about $35 billion a year.

Other estimates provide a starker picture of our water funding needs. The American Water Works Association estimates that our drinking water systems need at least $1.1 trillion over the next 25 years to extend and replace the water pipes that are reaching the end of their useful life.[18] That's at least $45 billion a year for drinking water lines alone.

The WATER Act would go a long way to meeting the estimated needs of municipal water and sewer providers across the country. It would also provide grants to homeowners to replace lead service lines on their property.

The WATER Act supports public water for all, fosters job creation and promotes green infrastructure. This bill would limit funding to publicly owned, managed and operated drinking water and sewer systems to ensure that all federal dollars go to the public benefit and not to for-profit water providers.

A 2009 study by the Clean Water Council estimated that every $1 billion spent on water infrastructure could create between 20,000 and nearly 27,000 jobs across the economy.[19] That means that the $35 billion from the WATER Act would create 700,000 to 945,000 employment opportunities.

Beyond creating jobs across the country, the WATER Act allocates money to pay for the management, reduction, treatment, capture or reuse of municipal storm water, agricultural storm water and return flows from irrigated agriculture. These projects could include "green infrastructure," such as stormwater planters, rain gardens and green roofs.

Support the WATER Act. Other measures to address our water infrastructure challenges that incentivize the takeover of municipal water systems by for-profit entities are not the answer. We must restore our nation's confidence in its water, and that starts with restoring federal funding to local water systems. That is the best option to help communities upgrade and maintain their water infrastructure, replace lead pipes, conserve water and ensure that everyone can afford and trust their water service.

Endnotes

1 American Water Works Association. "Buried No Longer: Confronting America's Water Infrastructure Challenge." 2012 at 4 and 14.

2 U.S. Environmental Protection Agency (EPA). Office of Ground Water and Drinking Water. "Using DWSRF Funds for Transmission and Distribution Infrastructure Needs." (EPS 816-F-03-003.) February 2003 at 1; Anderson, Richard F. U.S. Conference of Mayors. Mayors Water Council. "Municipal Procurement. Procurement Process Improvements Yield Cost-Effective Public Benefits." March 2013 at 10; Troesken, Werner. National Bureau of Economic Research. "Lead Water Pipes and Instant Morality in Turn-of-the-Century Massachusetts." March 2003 at 1; Cornell, David A. et al. "National Survey of Lead Service Line Occurence." *Journal of American Water Works Association*. Vol. 108, No. 4. April 2016 at E189; American Water Works Association (2012) at 4 and 14.

3 33 U.S.C. §§1251-1387.

4 42 U.S.C. §300f et seq. (1974).

5 U.S. Congressional Budget Office. "Public Spending on Transportation and Water Infrastructure." (Pub. No. 49910). March 2015 at Supplemental Tables W-7 and W-8 .

6 Food & Water Watch analysis of data from U.S. Congressional Budget Office (2015) at Supplemental Table W-8; U.S. Census Bureau. QuickFacts. United States. Population estimates, July 1, 2014 (V2014). Available at https://www.census.gov/quickfacts/table/PST045215/00. Accessed April 20, 2016; U.S. Census Bureau. "Historical National Population Estimates: July 1, 1900 to July 1, 1999." June 28, 2000. Available at https://www.census.gov/population/estimates/nation/popclockest.txt. Accessed April 20, 2016.

7 American Water Works Association (2012) at 4 and 14.

8 U.S. Government Accountability Office. Testimony Before the Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, Committee on Oversight and Government Reform, U.S. House of Representatives. "Drinking Water. The District of Columbia and Communities Nationwide Face Serious Challenges in Their Efforts to Safeguard Water Supplies." Statement by John B. Stephenson, Director of Natural Resources and Environment. (GAO-08-687T.) April 15, 2008 at 10; American Water Works Association (2012) at 4 and 14.

9 Cornell (2016) at E182 and E187.

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11 Cornell et al. (2016) at E191.

12 American Water Works Association. "Communicating About Lead Service Lines: A Guide for Water Systems Addressing Service Line Repair and Replacement." 2014 at 1 and A-16.

13 *Ibid*. at 14.

14 Gravelle, Jane G. Congressional Research Service. "Tax Havens: International Tax Avoidance and Evasion." January 15, 2015 at 28.

15 Hanlon, Seth. "Tax Expenditure of the Week: Offshore Tax Deferral." Center for American Progress. March 16, 2011.

16 U.S. EPA. "Clean Watersheds Needs Survey 2012: Report to Congress." (EPA 830-R-15005.) January 2016 at 1. Adjusted to February 2016 dollars using Bureau of Labor Statistics, Consumer Price Index.

17 U.S. EPA. "Drinking Water Infrastructure Needs Survey and Assessment: Fifth Report to Congress." (EPA 816-R-13-006). April 2013 at 1. Adjusted to February 2016 dollars using Bureau of Labor Statistics, Consumer Price Index.

18 American Water Works Association (2012) at 9. Adjusted to February 2016 dollars using Bureau of Labor Statistics, Consumer Price Index.

19 Clean Water Council. "Sudden Impact. An Assessment of Short-Term Economic Impacts of Water and Wastewater Construction Projects in the United States." June 8, 2009 at 6 and 11.

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