

Affordable Water, Resilient Communities

The Water Affordability Crisis: A Timeline and Solutions

The affordability of U.S. clean water and drinking water infrastructure is reaching a critical juncture. Over the past several decades the cost of providing public clean water and drinking water services has risen – communities need to maintain and upgrade aging infrastructure, comply with ever-more-strict regulatory mandates, address increasingly complex water quality challenges related to nutrients and emerging contaminants, and improve system resilience to climate change and extreme weather. While these investments are necessary, the costs have become too great for many households to bear.

When the Clean Water Act (CWA) was signed in 1972, the federal government understood that the investments needed to comply could not be borne on the backs of local communities alone. As a result, Congress authorized and appropriated EPA Construction Grants to help pay for public clean water infrastructure projects.

Under the 1987 amendments to the Clean Water Act, EPA's Construction Grants program was replaced with the Clean Water State Revolving Fund (CWSRF), by and large ending federal grants available to non-rural public wastewater and stormwater agencies for three decades. A parallel Drinking Water State Revolving Fund program (DWSRF) was created in 1996.

Where We Are Today

Today, virtually all federal funding for clean and drinking water infrastructure reaches communities through low-interest loan financing, repaid through water rates. In sum, adjusted for inflation, the federal cost-share of water utility capital investment has fallen from 62.77% in 1977 to less than 10% today. Another way to think of this is that in 1977 the federal government spent \$76 per person in 2014 dollars on water utility capital investment. By 2014 that support fell to just \$10.74 per person.

Individual utilities have largely navigated these financial challenges alone, maintaining complex infrastructure systems and financing the costs to comply with federal statutes despite having a diminished federal funding partner. It comes as no surprise that rates have been growing for decades above inflation and are reaching the limits of affordability for many households.

1972

Clean Water Act (CWA) is signed, and Congress begins providing EPA Construction Grants to help pay for public clean water infrastructure projects

1977

The federal cost-share of water utility capital investment is 62.77%

1987

EPA's Construction Grants program is replaced with the Clean Water State Revolving Fund (CWSRF) loan program

1996

A parallel Drinking Water State Revolving Fund (DWSRF) program is created

2014

The federal cost-share of water utility capital investment is 10%. Another way to think of this is that in 1977 the federal government spent \$76/person and by 2014 that support fell to just \$10.74 per person

2020

Congress creates the first-ever federal assistance program to help low-income individuals pay their water bills during the pandemic



How The White House and Congress Can Help

Maintaining our clean and drinking water infrastructure to ensure public health and environmental protection is a clear federal priority. Congress has also increasingly engaged on issues of improving access and water security. By taking a two-pronged approach of increased federal investment and the creation of a permanent federal assistance program for water customers still struggling to pay their bills, Congress and the Administration can ensure that all households have access to clean, safe, reliable water services.

NACWA and AMWA Recommend Congress and The White House Do the Following:

1. Ensure Water is a Top Priority in Federal Infrastructure Investment.

We call on Congress to prioritize funding key federal clean water and drinking water infrastructure programs, including the CWSRF, DWSRF, the Water Infrastructure Finance and Innovation Act (WIFIA) program, and the Sewer Overflow and Stormwater Reuse Municipal Grants Program – all of which are due for reauthorization and which are vehicles to get infrastructure dollars to communities ready to undertake the most impactful water infrastructure projects.

2. Establish a Permanent Federal Water Customer Assistance Program.

Federal low-income water customer assistance should target households with the greatest hardship in maintaining access to water services. For decades there have been federal programs to help low-income Americans pay for the most essential household needs – housing, food, and energy – with water notably absent from this list. But things are starting to change: since December of 2020, Congress has provided more than \$1.1 billion for first-ever federal assistance to help low-income individuals pay water bills during the economic crisis caused by the pandemic. These emergency funds recognized a need the pandemic only exacerbated, so Congress must also recognize that the need will not evaporate when the pandemic ends. Therefore, we urge Congress to build on this progress to establish a permanent low-income water and wastewater affordability program that will firmly establish water rate assistance as part of the federal safety net.

