

**Before the Subcommittee on Water Resources and Environment of the Committee on
Transportation & Infrastructure
Hearing on**

**“Clean Water Infrastructure Financing: State and Local Perspectives and Recent
Developments”**

September 28, 2023

**Testimony of
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Chairman Rouzer, Chairman Graves, Ranking Member Napolitano, Ranking Member Larsen, and members of the subcommittee, thank you for the invitation to testify today on Clean Water Infrastructure financing.

During my career I have had the privilege to help promote policies that will make our water infrastructure systems more resilient, secure, and efficient, working not only in my capacity as senior vice president for McWane, Inc., but also as a member of the executive committee of the BuildStrong Coalition, the corporate advisory council of the Blue-Green Alliance, the Water Infrastructure Leadership Group (the “Ad Hoc Group”), the U.S. Water Partnership, the Environmental Protection Agency’s National Drinking Water Advisory Council, and the role in which I am here presenting today, chair of the U.S Chamber of Commerce’s Business Task Force on Water Policy.

My company, McWane, is deeply involved in water infrastructure. For almost 175 years McWane has proudly provided the building blocks for our nation’s water infrastructure, supplying the pipe,

valves, fittings, and related products that transport clean water to communities and homes across the country and around the world. More recently we have expanded our operations into the fields of infrastructure technology and electric power distribution. We employ more than 6,000 team members, who work in 25 manufacturing facilities in fourteen states.

Over the past several years Congress has passed monumental infrastructure legislation that includes substantial investments in water infrastructure, including \$11.7 billion for the Clean Water State Revolving Funds over five years through the Bipartisan Infrastructure Law. However, several problems have emerged that could jeopardize the ability of the states and the private sector to realize the opportunities that Congress intended to create. First, the BIL imposes short deadlines that have been compressed even further by EPA's slow roll out of guidance for the implementation of some of the governing principles for the programs. The impact of these impending deadlines has been and will be particularly acute with the funds allocated for emerging contaminants. The authorization for these funds expires in December 2027, with a possibility of an extension until 2029. However, EPA has yet to recommend water quality criteria or issue effluent limitations guidelines for any PFAS. Knowing the standards that utilities must meet is critical to the design of waste treatment and other projects and evaluating and selecting the appropriate technology. Unless and until utilities know what to target, they cannot design the projects and select the appropriate equipment. These delays in announcing the standards coupled with the impending deadlines are putting utilities and state agencies in a squeeze that could preclude the funding of important projects.

Second, it is true that earmarks for specific projects can demonstrate responsiveness to constituent needs and offer an important tool to Members of Congress, but they should be additive to the existing SRF allocations. More than 1,400 projects were earmarked for funding in the latest SRF appropriation, constituting the majority of the funding for 2023. Although the funding must attach within two years, to date fewer than 200 of these 1,400 projects for 2022-23 have applied for approval and fewer still have been approved. Earmarks (that are not additive) reduce the funding available for other, non-earmarked SRF projects with acute need, reduce the funds available for program administration, and create uncertainty in the planning process, which will slow the allocation of funding across all projects. But but even to the extent they serve important needs of their own, the delays in the allocation of this earmarked funding also creates uncertainty in the private sector, which discourages the capital investment needed to ensure that supply chains are able to provide critical products and equipment to meet the needs of project owners.

For example, our industry saw a significant, post-COVID surge in demand that created production and delivery backlogs. Although we knew that situation was temporary, the passage of BIF, IRA, and the 2022-23 appropriations provided the assurance of continued demand necessary to significantly increase our capital expenditures and expand capacity, not only to eliminate those backlogs, but also to position our plants to serve the needs created by the infrastructure programs. However, the slow commencement of specific projects has resulted in a dramatic *decrease* in demand that, together with the uncertainty about whether projects will even receive funding before the deadlines, has compelled us to rethink our expansion plans and reduce the number of production shifts and associated employment. Moreover, even for those capital projects that remain in play, permitting delays are a continuing problem. Because many other producers face

the same situations, when projects eventually do commence, the demand for essential products with which to build those projects will hit the market in a large but compressed surge that manufacturers will be ill-positioned to meet, which could result in delays or cancellations of projects and increased costs.

Furthermore, the increased use of earmarks disrupts the states' ability to prioritize projects based on need, because in some cases the funds are directed to projects with low need at the expense of those in disadvantaged areas. And since earmarked dollars are dispensed directly by EPA, not the states, they are not paid back into the revolving fund, and thus cannot be reloaned again for future projects.

To avoid these issues, we ask the members of this committee to consider extending some of the deadlines applicable to the BIL and IRA funding, to engage with EPA to accelerate the roll out of the authorized funding, increase the availability of much needed technical assistance, and to ask your colleagues in the appropriations process to support full funding for the SRFs aside from whatever earmarks they might deem appropriate. There is consensus on these issues across the stakeholder community: The Chamber and a broad coalition of stakeholders sent [a letter](#) to appropriators supporting full SRF funding and funding for water provisions in the BIL, which were authorized but not appropriated.¹ The leaders of 45 state and territorial environmental agencies also recently called on Congress to restore funding for – and fully appropriate – the Clean Water and Drinking Water State Revolving Funds.

¹ <https://www.uschamber.com/environment/coalition-letter-on-water-infrastructure-program-funding>

I also would like to make several points about how to improve the current state of clean water infrastructure financing.

First, meeting our clean water infrastructure needs requires a partnership between the public and private sectors. Many smaller, disadvantaged utilities are simply overwhelmed by the financial and increasingly complex management challenges that they face. As a result, many of them are regularly out of compliance with applicable water quality standards but lack the expertise and resources to rectify the problems. Although there are public and private utilities that could help, they are often reluctant to do so because of fear of inheriting the distressed entity's enforcement problems. In addition, private utilities are currently ineligible for Clean Water SRF funding. As a result, a private utility cannot assume ownership of a struggling public utility unless any outstanding SRF loans are repaid immediately. These problems create poison pills that effectively bar Good Samaritan-private entities from helping protect the public when distressed utilities cannot do so on their own. To eliminate these obstacles to private sector assistance, Congress should: provide a "safe harbor" for the acquirer of a troubled system that proscribes enforcement for a time period sufficient to bring it into compliance; expand Clean Water SRF eligibility to include private entities; and extend an investment tax credit to the acquirer of non-compliant systems with fewer than 10,000 service connections.

Second, meeting our clean water infrastructure needs also requires regulatory consistency. At present, concern over PFAS has some EPA regions getting ahead of the regulatory process. For example, some wastewater utilities are being asked to monitor for dozens of PFAS, even without

a complete analysis of whether the specific PFAS presents a public health risk before the promulgation of a water quality standard.

The Chamber has long made permitting reform a top priority, especially considering the massive infusion of funding from the BIL. If we are to meet our ambitious climate and infrastructure goals as a nation, projects must begin without delay. This does not mean that environmental protections should not be part of the process but rather reviews should be timebound with concrete milestones.

Third, meeting our clean water infrastructure needs requires innovation. Communities around the country are facing daunting investment challenges. There are many technological solutions that can provide more efficient and less expensive ways to protect public health and the environment. Many such technologies would benefit rural and disadvantaged communities in particular, making access to clean water more affordable. Not only should EPA encourage the use of these innovations through targeted project funding and streamlined approvals, but it should also provide financial assistance for their development. Money invested in innovation will be recouped with cost savings.

Fourth, permitting delays remain a problem for both manufacturers and utilities. Even in emergency situations environmental reviews of clean water projects can drag on for six months or more, leaving communities at risk in the interim. Similarly, obstacles and delays in the permitting of capacity expansions, such as those that will result from EPA's new PM 2.5 regulation, will diminish the ability of American industry to produce the products essential to infrastructure projects across the country.

Fifth, meeting our clean water infrastructure needs requires technical assistance. Accessing the SRFs is sometimes a very complex process that requires specialized expertise, which is often lacking in the communities that could benefit most. That is why for drinking water infrastructure the Chamber and its partners developed the [Small and Disadvantaged Community Water Funding Roadmap](#) to identify the latest public and private technical assistance resources that will help communities access the water and resilience funding in the BIL. You may have seen that our colleague George Hawkins, who is a leading thinker in this area, received an EPA grant to reach the disadvantaged communities. The Chamber also was a strong supporter of the recent FEMA designations of 483 Community Disaster Resilience Zones in communities nationwide that can help direct funding to the most vulnerable and the most at risk.

Technical assistance funding for disadvantaged and rural communities from the Infrastructure Law has been very slow. For example, the Environmental Finance Centers, a major source of the new technical assistance, were not online until November 2022. That means we were already in the second year of the five-year BIL funding window before technical assistance was provided to small communities to help them plan projects and get on state Intended Use Plans.

Sixth, wastewater is often viewed as a source of pollution, but should be promoted as a resource to provide sustainable nutrients and energy. At a time when climate impacts are exacerbating water scarcity in regions across our nation and the world, private sector innovation and solutions are needed to more effectively reuse and recycle wastewater for various applications – from flushing toilets to irrigation and process water.

The Chamber last year launched the **Industrial Water Reuse Champions Awards** to recognize companies that are leading in this effort and to encourage their peers to join. The initial winners represented sectors across the economy – Apache, Intel, and PepsiCo.

Finally, addressing the aging water workforce should be a top priority for our nation. Congress should build on the current EPA efforts and increase coordination with the U.S. Department of Labor and other agencies in developing a workforce development program that will help American workers get the skills and credentials needed to support the operation, maintenance, and improvement of the water and wastewater systems of tomorrow. Congress should enact policies that simplify the award and interstate recognition (e.g., reciprocity and portability) of water operator and engineering certifications.

Thank you again for the opportunity to testify. I would be happy to answer any questions.

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