TESTIMONY OF
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BEFORE THE
HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

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Mr. Chairman and Members of the Committee, I am Benjamin H. Grumbles, Assistant Administrator for Water at the United States Environmental Protection Agency. Thank you for the opportunity to discuss the President's Fiscal Year 2008 budget request for EPA's National Water Program. The request is over $2.7 billion or 37 percent of the Agency's overall budget, and will allow us, along with our State, Tribal and local partners, to make continued progress in ensuring America's waters are clean, safe and secure.

Over the past year, the Office of Water has made considerable progress in enhancing water quality through the improvement of water monitoring; advancing sustainability in water infrastructure; and restoring impaired waters and watersheds across the country by implementing cleanups and promoting innovative, cost-effective practices such as water quality trading and permitting on a watershed basis. EPA is committed to sustaining our core programs in order to continue achieving environmental progress. This budget will further help to:

- continue progress in restoring impaired watersheds,
- keep beaches open and safe for swimming,
- increase population served by systems providing safe drinking water,

- continue to improve the health of the country's major coastal ecosystems, including implementing the President's Ocean Action Plan, and
- achieve a net increase of wetlands.

Sustainable Infrastructure

Clean and Safe Water are key ingredients to keeping people healthy and our economy strong. To ensure that we can provide and maintain clean and safe water to the public we need sustainable approaches to our water infrastructure. Over the past 20 years, communities have spent more than $1 trillion dollars on drinking water treatment and supply and on wastewater treatment and disposal. However, the infrastructure that provides us with drinking water and treats our wastewater is aging. Much of it was constructed before 1970 and will be reaching the end of its useful life in the next 20-40 years. In our efforts to overcome the challenge related to the aging infrastructure, this budget request continues the Administration's commitments to the Clean Water and Safe Drinking Water State Revolving Funds (SRFs). The President's budget request of $688 million for the CWSRF continues to reinforce this Federal commitment to provide $6.8 billion total over 2004-2011 so that the CWSRFs will provide an average $3.4 billion per year in financial assistance over the long term after Federal funding ends. The President's Budget also maintains the federal commitment to the Drinking Water SRF, providing $842 million, and reinforces the Agency's commitment to fund the DWSRF through 2018 to achieve a revolving level of $1.2 billion. This continued federal investment, as well as state and local funding, and our aggressive promotion of

sustainability and full-cost pricing will lead the way to cleaner and safer water for decades to come.

WaterSense Program

The WaterSense program is a voluntary public-private sector partnership program which seeks to reduce water use and protect the nation's water supply by promoting water efficiency and enhancing the market for water efficient products, programs and practices. The WaterSense program seeks to help consumers identify water-efficient products and programs by identifying those that meet water efficiency and performance criteria. In the future WaterSense will partner with manufacturers, retailers and utilities to bring WaterSense products to the marketplace and make it easy to purchase high performing, water efficient products. Managing water is a growing concern in the United States as communities across the country are starting to face challenges regarding water supply and water infrastructure. The FY 2008 President's Budget request will allow EPA, through the WaterSense program, to protect the future of our nation's water by promoting water efficiency and enhancing the market for water efficient products, programs and practices.

Water Bond Initiative

Included in the President's Budget is a new proposal to exempt Private Activity Bonds (PABs) used to finance drinking water and wastewater infrastructure from the private activity bond unified state volume cap. PABs are tax-exempt bonds issued by a State or local government, the proceeds of which are used by another entity for a public

purpose or by the government entity itself for certain public-private partnerships. By removing drinking water and wastewater bonds from the volume cap, this proposal will provide States and communities greater access to PABs to help finance their water infrastructure needs and increase capital investment in the Nation's water infrastructure.

To ensure the long-term financial health and solvency of these drinking water and wastewater systems, communities using these bonds must have demonstrated a process that will move towards full-cost pricing for services within five years of issuing the Private Activity Bonds. This will help water systems become self-financing and minimize the need for future subsidies.

Water Security

Promoting the security of the nation's water infrastructure is one of the most significant undertakings of the EPA in a post-September 11th world. The potential catastrophic capacity of a terrorist attack or a natural event to water or wastewater systems compels us to aggressively advance prevention, deterrence, response and recovery actions, and prepare accordingly. With $25 million in the FY 2008 President's Budget request, EPA will continue to support the Water Security Initiative pilot program and water sector-specific agency responsibilities to facilitate and support protection of the nation's critical water infrastructure. In FY 2008, the Agency will maintain the existing Water Security Initiative pilot and begin the additional pilots that are intended to demonstrate the concept of an effective contamination warning system. All of these efforts support the Agency's responsibilities and commitments under Homeland Security

Presidential Directives 7 and 9 the National Infrastructure Protection Plan, as defined within the Water Sector Specific Plan.

Wetlands

In 2004, President Bush established a national goal to move beyond "no net loss" of wetlands and to attain an overall increase in the quality and quantity of wetlands in America. The President established a goal to increase, improve and protect three million acres of wetlands by 2009. Since 2004, the EPA, along with the Corps, the U.S. Department of Agriculture, and the Department of Interior have restored, created, protected or improved 1,797,000 acres of wetlands.

To continue in this effort to promote wetlands conservation, the President's 2008 Budget requests a $22 million commitment to fulfill EPA's role in administering the 404 regulatory program and helping to reduce the loss and improve the health of wetlands nationwide. This program, along with EPA's request for $17 million for its competitive wetlands grant program and other ongoing State, local, tribal, and private restoration and protection activities, will continue to prevent the destruction of hundreds of thousands of acres of wetlands and the degradation of thousands of miles of rivers and streams.

Mexico Border

The United States and Mexico share more than 2,000 miles of common border. The increasing population in this border region has overwhelmed drinking water supply and wastewater treatment facilities. In FY 2008, the President's Budget requests $10 million to continue to support the infrastructure that will connect and serve the homes of

the border area residents with safe drinking water and wastewater treatment. The $10 million investment will leverage funding to provide approximately 3-5 projects for clean and safe water serving an estimated 30,000 people. The Agency will also continue to support the protection of public health at border area beaches and the facilitation of collection and exchange of environmental data necessary for effective water management.

Chesapeake Bay

The Chesapeake Bay is the largest estuary in the United States and a water resource of tremendous ecological and economic importance. The greatest success in the last five years has been the water quality initiative which has resulted in new water quality standards for the Bay, the adoption of nutrient and sediment allocations for all parts of the watershed that meet new standards, and tributary-specific pollution reduction and habitat restoration plans. To continue to carry out these functions, the FY 2008 President's Budget requests $29 million in FY 2008, an increase of over $2 million from the previous President's Budget request, for the Chesapeake Bay.

Great Lakes

The Great Lakes are the largest system of surface freshwater on earth, containing 20 percent of the world's surface freshwater and accounting for 84 percent of the surface freshwater in the United States. The goal of the Agency's Great Lakes Program is to restore and maintain the chemical, physical and biological integrity of the Great Lakes Basin Ecosystem. The President's FY 2008 budget commits $57 million towards

continuing efforts by EPA's Great Lakes program, including $35 million for the Great Lakes Legacy Act. Through the Great Lakes Legacy Act, the Agency will focus on working with partners to clean up contaminated sediments and de-list 8 Areas of Concern (AOCs) by 2010. EPA, as chair of the Great Lakes Interagency Task Force, will continue working with State, local, and Tribal partners to protect and restore the Great Lakes, using the Great Lakes Regional Collaboration Strategy as a guide. EPA also will continue to work towards reducing PCB concentrations in lake trout and walleye and keeping Great Lakes beaches open and safe for swimming during the beach season.

Conclusion

The FY 2008 President's Budget request emphasizes our firm resolve towards improving our nation's waters and protecting human health. Given the importance of partnerships in many of our efforts, we believe a partnership with Congress and others will promote significant progress in ensuring clean, safe, and secure water for our nation. I look forward to working with this Committee to accomplish these important national goals. This concludes my prepared comments. I will be happy to respond to any questions you may have at this time.