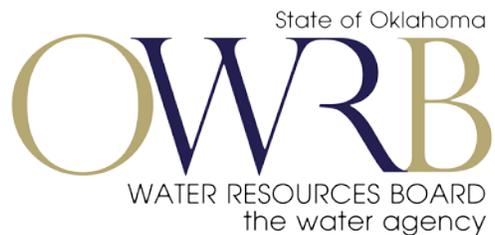


Senate Committee  
On  
Environment and Public Works

**“Our Nation’s Water Infrastructure:  
Challenges and Opportunities”**

**December 13, 2011**

Testimony by  
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Good morning Mr. Chairman and members of the committee. My name is Joe Freeman I am Chief of the Financial Assistance Division of the Oklahoma Water Resources Board. We administer the Clean Water State Revolving Fund as well as the financial portion of the Drinking Water State Revolving Fund along with three other state water and wastewater financing programs.

I am very pleased to be with you this morning to share Oklahoma's views with the Committee on the Challenges and Opportunities facing Water and Wastewater Infrastructure Financing. Today, I am not only representing the Great State of Oklahoma but also the Council of Infrastructure Financing Authorities, the Association of Clean Water Administrators, and the Western States Water Council. This is obviously a subject which we give a great deal of thought as we attempt to meet the challenges of addressing pressing needs with often limited resources.

We believe sustained Federal funding is essential to realizing our nation's water quality goals. And, we hold strongly to the view that the State Revolving Fund loan programs should remain a foundation for future progress in meeting water infrastructure needs. Innovation, new approaches and new priorities can and should be addressed in the context of the SRF concept. It is vital that the SRF

partnership between federal and state government continue as the basic mechanism for assistance to communities in addressing water quality issues.

In the past two decades, few federally authorized programs have proven as effective in realizing their intended goals as the SRF programs. They have provided a sustainable source of funding to protect and restore our nation's rivers and streams and assure safe drinking water for all our citizens. It is important to note that the assistance made available to communities is significantly greater than the initial federal investment as a result of state match, loan repayments, issuance of bonds and interest earnings. In Oklahoma for example, every one million in federal funds is leveraged into three million dollars in capacity for funding additional infrastructure projects. Consequently, the Federal Government is providing less than one-third of the infrastructure funded via the SRF Programs.

The Clean Water State Revolving Fund and the Drinking Water State Revolving Funds nationwide have committed over \$84 billion to projects for wastewater infrastructure and over \$20 billion for drinking water infrastructure. The majority of funding goes to the highest priority projects that clean up polluted streams, rivers, lakes and estuaries and ensure safe drinking water nationwide. Furthermore, public investment in water infrastructure yields significant economic

benefits, the U.S. Department of Commerce, estimates that one dollar invested in water infrastructure generates \$2.62 in economic output in other industries and that each job created in the local water and sewer industry creates 3.68 jobs in the national economy.

States, including Oklahoma, as the recipients of SRF capitalization grants, recognize that we incur a number of responsibilities. We must manage those funds in a fiscally responsible manner and be accountable. We must give priority in our funding decisions to the resulting water quality benefits and the urgency of environmental problems needing resolution. We need to give particular attention to the challenges faced by small, rural and disadvantaged communities. And, we must be creative financial stewards seeking to identify every appropriate avenue for delivering as much assistance as feasible to communities and ensuring that this assistance achieves the fullest potential impact in terms of improved water infrastructure.

We see our mission as using all the possible tools and strategies, allowable by law and consistent with prudent financial management, to achieve the largest impact in terms of achieving the goals of the Clean Water Act and Safe Drinking Water Act. As we look into the future, the ability of States to meet water and wastewater

infrastructure needs is based on continued funding for the SRF programs at a sufficient level to ensure the full realization of the revolving nature of the funds and the maximum utilization of leveraging by States, such as Oklahoma, that choose this option. We recognize the current budget realities and the fact that the annual capitalization grants represent a significant percentage of the overall EPA budget. We understand the need for budget restraint but would hope that not too great a share of that restraint is at the expense of the SRF programs.

Through the Oklahoma Comprehensive Water Plan, the Oklahoma Water Resources Board and its many partners assessed the water and wastewater infrastructure needs over the next 50 years. Detailed information was gathered from large and small, urban and rural systems to compliment the Drinking Water and Watershed Needs Surveys conducted through the Environmental Protection Agency. In Oklahoma, we have documented over \$82 Billion in need for water and wastewater infrastructure over the next 50 years. In order to meet these needs, it is going to take continued partnership and innovative discussions between local and state governments and the federal government. As a pro-active response to the findings of our intensive water planning efforts, we have compiled a committee of infrastructure financing professionals with the goal of investigating solutions to meeting Oklahoma's burgeoning infrastructure needs. The group is evaluating a

number of options including re-structuring our state infrastructure loan programs and creation of a Credit Reserve Enhancement Program.

As this Committee weighs the future of SRF legislation, as well as other initiatives to spur water infrastructure development, we would hope that you will keep the record of accomplishment by States and the perspective of State program managers uppermost in your consideration. If progress is to continue, it will be in the hands of each individual State to deliver.

After years of successful program operation it is clearly the experience of Oklahoma that the more latitude and operating flexibility that States are allowed, the greater our ability is to accomplish our environmental and financial goals. Certainly States need to continue to be fully accountable for their use of federal dollars, but excessive oversight or administrative control by EPA stifles innovation and the ability of States to best respond to local needs. Currently, funding levels are decreasing while the restrictions and set-asides for those funds are increasing, thus making the program even less sustainable and growing the gap of unmet needs.

The success of this program derives from the flexibility of the SRF model which allows each State to decide the best approach to meet its individual water quality needs. The SRF programs have historically allowed for individual water quality needs to be addressed using traditional construction methods or in many cases more green methods. In Oklahoma, we have funded Automated Meter Reading projects, reflective roofs, high efficiency pumps, rain gardens, green roofs and streambank stabilization projects to name a few. We firmly support green infrastructure and the desire for additional subsidization but we believe that the actual funding levels for these types of initiatives should be at the discretion of the states to ensure that the individual state's needs are being addressed. We believe that it is important to recognize that water quality needs vary from State to State and that States are in the best position to recognize the needed priorities for providing assistance. Additionally, every federal dollar that EPA directs away from addressing the primary goal of the SRF programs – addressing public health and water quality protection – reduces the capacity of a state to leverage their programs and address infrastructure needs.

Again, I sincerely appreciate the opportunity to discuss Oklahoma's perspective on meeting our State's water and wastewater infrastructure needs. Oklahoma's needs are most likely not much different than the needs in other states. But, we are

confident that it will take intense planning and collaborative teamwork – federal, state, and local partners coming together to find creative solutions to address our mounting infrastructure needs. The SRF Programs with their infusion of federal funds is one of the most important tools in our Nation’s infrastructure financing tool kit. In closing, I just want to remind you of the success that state-run SRF programs have had in addressing our nation’s water quality and drinking water issues and I hope that together we can protect our water for future generations.