



"Improving the quality of life in rural communities"



**Testimony to the
US Senate Committee on Environment and Public Works**

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October 15, 2021

About SERCAP/RCAP

Thank you, Chairman Carper and Ranking Member Capito for this opportunity to address the needs of water systems in small rural and tribal communities.

My name is Vikki Prettyman and I am the Delaware and Maryland State Manager for SERCAP, the Southeast Rural Community Assistance Project. SERCAP is a regional partner of the broader Rural Community Assistance Partnership (RCAP) - a national network of non-profit partners working to provide technical assistance, training, and resources to rural and tribal communities in every state, territory and on tribal lands. Our regional partners have more than 300 technical assistance providers that help build small system capabilities for sustainable and resilient water and wastewater utilities. Last year, RCAP served more than 3.4 million rural and tribal residents in more than 2,000 of the smallest, most distressed communities, including 46 active projects in Delaware and Maryland for that year.

RCAP COVID Survey Results

The talent, innovation, and resiliency of America's rural areas will play a central role in the future of the U.S. economy.

The availability of water and sewer service is a driving factor for economic growth. Of the approximately 150,000 public water systems across the country, 97 percent serve communities of 10,000 or less, and 72 percent serve communities of 500 or less. The average population of the communities we served in 2020 was 1,500, with a Median Household Income of half the national average. We served more than 40 percent of America's persistent poverty counties, and almost 300,000 individuals from indigenous communities.

The big challenge for small communities is spreading out the ever-increasing costs of operations over a smaller, and sometimes dwindling, customer base. The price tag of a million-dollar project can have a staggering effect on a town of 1,500 with 800 customers. That same million-dollar price tag would have little impact on a community of 50,000 with 20,000 customers or more to absorb a share of the total cost.

COVID-19 has further exacerbated the challenges rural communities face, with many communities suffering a significant drop in revenue when employers shut down businesses. Those whose jobs would not allow working from home were either furloughed or simply unemployed, so that their income levels dropped as well. At the same time that commercial and industrial demand decreased, residential demand increased as people couldn't go out to work as usual and their school-aged children were now home all day and all night. Municipalities and utilities were faced with providing intensified service while laboring under a significant reduction in income to cover their costs.

RCAP conducted a survey of project communities in May 2020 regarding the impact COVID had on their utilities. More than 31 percent of respondents estimated they would not be able to

continue to cover their operational costs for more than six months, due to an estimated revenue loss of between \$3.6-5.5 billion for small systems as a whole.

Many of these systems, more than 43 percent, said they relied on one full-time operator or less, leaving the communities' services at risk if their operator fell ill. With these mounting financial losses, communities were forced to defer infrastructure projects, adding to the more than \$1 trillion in upgrades and repairs that the EPA estimates that the water sector needs. This burden largely falls on communities since federal funding for water infrastructure is a paltry 3.5% of annual investment in the sector, down from 63 percent 50 years ago. That burden becomes increasingly heavy as the size of the systems becomes smaller.

Small systems in Maryland and Delaware

Small systems in Maryland and Delaware have felt the impact of COVID and reduced revenue as much as in any other state. One Maryland utility's staff decided to isolate at the water plant for the most intense period of the pandemic. Their decision was based on the premise that they didn't want to bring potential infection to each other from outside the plant, and that someone had to keep the water system running because hygiene and sanitation were now more important than ever. They brought their sleeping bags, cots and air mattresses to the plant and stayed there day and night for several weeks. Another town in Delaware suffered such a drastic drop in revenue that it formally requested a moratorium on its USDA loan because it needed every penny just to keep the systems running. While it's safe to say that all systems probably suffered some impact from COVID, it hit the small systems the hardest.

Committee's Recent Activity:

Funding is incredibly important, but in small communities, it is not enough. Technical Assistance (TA) is needed to build and strengthen local capacity to take on these challenges. The recent work of the committee has been extremely beneficial to the communities we serve. Last Congress, EPW produced two drinking water and wastewater infrastructure bills, DWIA 2020 and AWIA 2020, which included several critical priorities that have now been folded into the Infrastructure Investment and Jobs Act (IIJA).

In addition to increasing overall funding for the Clean Water and Drinking Water State Revolving Funds, the Infrastructure Investment and Jobs Act includes many provisions particularly helpful to rural communities.

One is the reauthorization of a program that allows for up to 2 percent of the Drinking Water SRF to be set-aside for Technical Assistance and extends TA to EPA's Small and Disadvantaged Communities Grant Program. Additionally, the IIJA requires that states use not less than 20 percent of the Drinking Water SRFs for grants, negative interest loans, or to refinance debt. These SRF provisions are especially important for small and rural systems, because one major unexpected emergency can leave small utilities financially distressed. Given their small base of ratepayers, loans may not work for these communities.

The bill also extends the EPA's National Priority Area TA Program to communities that are facing an imminent threat to public health and allows nonprofits like RCAP to provide TA to schools and childcare facilities to ensure that water is safe for every child. Further, the IJJA creates circuit rider programs to assist small systems, and a grant program to improve efficiencies at small utilities.

I want to thank both of you, Senators Carper and Capito, for your leadership in getting all of these important issues included.

Besides the rural utilities we work with, there are many rural communities that are not connected to any wastewater system at all, resulting in raw sewage in yards and waterways, contaminated drinking water for residents, and chronic debilitating diseases like hookworm. Challenges like this can trap people in a vicious cycle of poverty. I want to thank Senators Capito, Booker, and former Senator Jones for the introduction of a bill that would create a grant program to address these challenges, and I commend the committee for including it in the legislation that eventually folded into the water portions of the IJJA.

Key Priority for Rural Communities:

Finally, one additional priority for rural communities is the creation of a permanent nationwide low-income water and wastewater customer assistance program. While a nationwide program did not make it into the IJJA, a pilot program was included in the bill. While this is a step in the right direction, the current funding need for low-income families is estimated to be over \$8-billion and I can tell you from firsthand experience that action to help them is needed now.

This lack is one that disproportionately impacts our rural communities. According to the most recent estimates, the non-metro poverty rate is 16.1 percent, much higher than in metro areas. Further, counties experiencing long-term poverty are almost exclusively rural.

We have assistance programs for low-income Americans for food, shelter, heat, and health care. There is no such program for water or wastewater. I thank Senators Cardin and Wicker for introducing bipartisan legislation, and thank Senators Carper and Capito for your leadership in advocating for a 40-utility pilot program in the IJJA, with 10 of those pilots being set aside for rural utilities. While we are sincerely grateful for all the hard work you have done advocating for this program's inclusion in the IJJA; in a country with 150,000 utilities, 97% of whom serve small populations, 40 pilots is simply not enough. We urge the committee to create a nationwide, permanent program housed at EPA in the budget reconciliation package.

Civic and religious charity organizations are seeing a decrease in corporate and personal donations but an increase in requests for assistance, particularly assistance to pay water and sewer bills after the shut-off moratorium was lifted. The basic need for water has never been so highlighted as it was during this pandemic. A Delaware non-profit focusing on the needs of our most marginalized community members saw requests for assistance with water and sewer bills more than double and they have an increase on their street ministries of 573%. Assistance asks increased from needing a base water bill paid of \$60.00 to now needing \$600 or more to

avoid shut off. Citizens who were givers to their organization just a year ago were now the ones asking for help. Those in poverty are in survival mode and the bare essentials are either not readily available or have increased in cost.

Maryland's MHI is \$84,805 according to the most recent census. This is 26% higher than the US MHI of \$62,843. However, Somerset County Maryland, which is largely rural has an MHI of only \$37,803. Allegany County on the other end of the state has an MHI of \$45,893. These are the communities and individuals who need the most help with their utility bills, including water and sewer. These same rural areas need the most assistance we can give them to help them at least keep up with their own service needs even if they can't compete with the larger jurisdictions.

Another big concern for all water systems is the topic of "Emerging Contaminants." The many compounds that fall under the umbrella of PFAS have already been detected in a couple of locations in Delaware. I happen to have been the Town Administrator of one of those towns and know firsthand what a financial burden and risk to public health it can be.

The town was helped out financially and technically by the state and the federal agencies, but once the public health crisis had been resolved with a new Granular Activated Carbon filtration system, the cost of operating and maintaining that system resides with the town. For a town of about 1,500 residents, an MHI of \$60,908 and a poverty rate of more than 22%, this can be a crushing burden indeed. Replacement of the filter media alone can cost more than \$30,000, a task that can be required every 3-6 years. In addition, there is the issue of disposal of the old media as a hazardous waste and the extra operations cost associated with the new treatment system. As often happens, solving one problem leads to consequences that cost even more money. Our citizens should not bear the financial burden and increase to their water bills due to remediation of these pollutants.

SERCAP works with communities and partners across Delaware and Maryland, and the entire southeast U.S. to advocate for and generate economic opportunities and improved quality of life in rural areas. The services provided through these programs deliver critical assistance in the small and disadvantaged communities where they are most needed. I thank the committee for inviting me to testify today, and I look forward to working with you and your colleagues to ensure these important priorities are passed into law.

I'd like to leave you with this quote from a former US Surgeon General in 1952:

"Water is essential to life – the life of a city as well as the life of a human being. Without water, a [person] dies. Without water a community faces the same fate."