



Mayors Commission on Water Equity's U.S. Policy Agenda

Recommendations for Congress to Advance Water Equity for Great Lakes and St. Lawrence River Basin Communities

December 2023

The mission of the Great Lakes and St. Lawrence Cities Initiative's Mayors Commission on Water Equity is to promote equitable access to clean, safe and affordable water for all residents of the Great Lakes and St. Lawrence River Basin.¹ The Mayors Commission recognizes that this is a historic moment for water equity in the United States, with unprecedented investments in water infrastructure through the Infrastructure Investment and Jobs Act and other federal and state funding programs, a network of water technical assistance programs under the umbrella of the U.S. Environmental Protection Agency and other initiatives aimed at making progress on key issues related to water equity. Together, these programs and initiatives have the potential to transform drinking water, stormwater and wastewater systems nationwide for many years to come. The Mayors Commission's U.S. policy agenda aims to make the most of this unique moment. The following policy agenda includes key recommendations for Congress related to lead service line replacement, water affordability, water workforce development and urban flooding.² These recommendations were developed in close collaboration with the Environmental Policy Innovation Center, the U.S. Water Alliance and the Mayors Commission's Advisory Team.³

SUMMARY OF RECOMMENDATIONS

Replace Lead Service Lines Quickly, Equitably and Efficiently

- Waive the requirement that each state be allotted at least one percent of the Infrastructure Investment and Jobs Act (IIJA) lead service line replacement (LSLR) funds
- Enable Drinking Water Infrastructure Needs Survey and Assessment formulas for IIJA LSLR allotments to be linked to revised inventory data submitted by water systems as part of the federal October 2024 mandate in order to more closely align funding with updated inventory numbers

Make Water and Sewer Services Affordable for All

- Maintain robust annual appropriations for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund
- Create and fund a program that provides technical assistance grants to help utilities establish and administer water affordability plans
- Assess the successes and limitations of the IIJA infusion of funds to State Revolving Funds to inform the development of new federal grant programs to meet the needs of communities still wrestling with the most severe water infrastructure needs and fiscal constraints
- Restore and accelerate advance refunding and restructuring of municipal water infrastructure debt

¹ See a full list of Mayors Commission members at www.gslcities.org.

² Recommendations for U.S. federal and state governments at www.gslcities.org.

³ See a full list of Advisory Team members at www.gslcities.org.

- Explore models to provide sustainable, equitable federal funding for safe, reliable water and wastewater infrastructure
- Appropriate funding for the Low-Income Household Water Assistance Program (LIHWAP)

Build Pathways to Opportunity in the Water Workforce

- Expand and improve federal efforts to develop the water workforce
- Implement federal “Ban the Box” legislation
- Raise awareness about careers in the water sector

Equitably Address Urban Flooding and Sewage Overflows

- Expand and improve funding options for gray, green and natural stormwater infrastructure
- Help communities adapt to variable lake and river levels
- Reduce flooding risk and increase access to affordable flood insurance for low-income homeowners

DETAILED RECOMMENDATIONS

Replace Lead Service Lines Quickly, Equitably and Efficiently

- **Waive the requirement that each state be allotted at least one percent of the Infrastructure Investment and Jobs Act (IIJA) lead service line replacement (LSLR) funds.** While the Safe Drinking Water Act (SDWA) requires that each state receive at least one percent of the amount allotted to states via capitalization grants, this requirement should not apply to IIJA LSLR funds given the unequal concentration of LSLs in certain parts of the country, especially Great Lakes municipalities.⁴ The one-percent requirement should remain intact for other Drinking Water State Revolving Fund (DWSRF) appropriations.
- **Enable DWINSA formulas for IIJA LSLR allotments to be linked to revised inventory data submitted by water systems as part of the federal October 2024 mandate in order to more closely align funding with updated inventory numbers.** The SDWA requires the U.S. Environmental Protection Agency (EPA) to use the information gathered from the quadrennial Drinking Water Infrastructure Needs Survey and Assessment (DWINSA) to determine how federal funding for DWSRFs is allocated to states.⁵ The Lead and Copper Rule (LCR) requires states to report revised lead inventory information to EPA by October 2024. Congress should allow EPA to collect inventory updates submitted by water systems as part of the October 2024 LCR Revisions mandate and revise the DWSRF allotment formula on a rolling basis to distribute the remainder of the lead funding from the IIJA. While this would require passage of a limited exception to the SDWA's requirement that EPA rely solely on data from DWINSA to determine funding allotments, it would safeguard the equitable distribution of state capitalization grants proportional to actual LSL burden in the final two years of IIJA funding availability.

Make Water and Sewer Services Affordable for All

- **Maintain robust annual appropriations for the Clean Water State Revolving Fund (CWSRF) and the DWSRF.** Through the IIJA, Congress appropriated supplemental funds for State Revolving Funds (SRFs) to help states and communities begin to close the water infrastructure funding gap that has persisted for decades. These funds were intended to supplement, not to *replace*, base appropriations for the SRFs. The continued integrity of SRFs – the primary programs for providing federal support for water infrastructure – depends on robust base appropriations year-on-year. Additionally, funding earmarked for specific water infrastructure projects should not come at the expense of base appropriations for the CWSRF and the DWSRF.⁶
- **Create and fund a program that provides technical assistance grants to help overburdened, underserved utilities establish and administer water affordability plans.** The upfront costs of developing affordability programs that meet community needs and are aligned with state regulations can be cost prohibitive, thus necessitating a new federal program to address these challenges. Program components should be tailored to the specific needs of the community and could include customer assistance programs, alternative rate designs, premise plumbing and fixture repair and replacement programs, customer service standards and other mechanisms to ensure affordable service for all while maintaining adequate levels of service and the financial integrity of the utility.

⁴ See <https://www.policyinnovation.org/blog/an-initial-analysis-of-epas-new-state-funding-allotment-for-lead-service-line-replacement>.

⁵ See <https://www.epa.gov/dwsrf>.

⁶ See <https://www.policyinnovation.org/blog/base-funding-critical-for-srfs>.

- **Assess the successes and limitations of the IJIA infusion of funds to SRFs to inform the development of new federal grant programs to meet the needs of communities still wrestling with the most severe water infrastructure needs and fiscal constraints.** The IJIA provided a historic infusion of supplemental federal funds to SRFs and mandated that 49 percent of the supplemental funds be provided as grants or forgivable loans to state-defined disadvantaged communities. However, because state-definitions and policies often narrowly limit eligibility and amounts available for forgivable loans, many overburdened communities must still seek SRF loans, which may not be a feasible option for those with excessive debt or other fiscal constraints. This raises questions about whether the loan-based SRF model is best suited to comprehensively address our nation’s water infrastructure needs amid persistent social and financial inequities.
- **Restore and accelerate advance refunding and restructuring of municipal water infrastructure debt.** When municipalities use bonds to cover water infrastructure costs, customer rates pay for the amount borrowed plus interest. Congress should restore utilities’ ability to use tax-exempt advance refunding and allow them to restructure water infrastructure debt obligations issued in the past ten years. This would allow utilities to take advantage of the large spread between taxable and tax-exempt bonds, reduce water infrastructure debt service obligations and save ratepayers money in the long-term. This option would benefit many large water systems and allow grant and appropriation dollars to be more effectively targeted towards struggling communities.
- **Explore models to provide sustainable, equitable federal funding for safe, reliable water and wastewater infrastructure.** Other categories of infrastructure like highways and inland waterways benefit from stable, predictable long-term funding sources such as the Highway Trust Fund, Inland Waterways Trust Fund and the Harbor Maintenance Trust Fund. Water and wastewater infrastructure remain subject to the whims of the annual appropriations process, adding more volatility into the federal government’s already reduced role in water infrastructure funding. Congress and EPA should explore options and seek to create a predictable, long-term and centralized financing structure that eliminates disparities in infrastructure quality and significantly reduces the cost of these public goods for individual ratepayers.
- **Appropriate funding for the Low-Income Household Water Assistance Program (LIHWAP).** Congress should appropriate funds to support a permanent program that assists low-income households with their water and sewer bills, building on the temporary LIHWAP established in 2021 as part of the American Rescue Plan Act. The existing LIHWAP does not have a permanent or ongoing statutory authorization or appropriation beyond December 31, 2023, despite the fact that more customers struggle to pay their bills as utilities make much needed investments in water infrastructure.

Build Pathways to Opportunity in the Water Workforce

- **Expand and improve federal efforts to develop the water workforce.** Congress has recognized the need to develop federal water workforce development efforts and established the Federal Water Workforce Development Grants pilot program. Now that those programs are up and running, Congress should reauthorize and expand funding for them to invest in targeted internship; apprenticeship; pre-apprenticeship and post-secondary bridge programs. These funds should be targeted to nonprofits, educational institutions and utilities that have high retirement rates and are located in areas with high unemployment; large low-income populations; rural areas and large communities of color underrepresented in the water workforce.

- **Expand federal “Ban-the-Box” legislation.** Ban-the-box laws prohibit employers from asking about a person's criminal history on a job application. Congress should expand the Fair Chance Act of 2019⁷ to cover all employees, not just federal contractors. With 27 percent of formerly incarcerated people unemployed,⁸ ban-the-box laws could help attract talent to the water workforce.
- **Raise awareness about careers in the water sector.** Congress should direct EPA to undertake outreach programs to increase awareness of careers in the water sector. Water sector professions are stable, family-sustaining careers and provide opportunities for people from multiple disciplines such as engineering; finance; communications; policy; construction and more. Many entail on-the-job training and apprenticeship. EPA’s efforts should lay out a strategy for filling the employment gap and recruiting and retaining a diverse, representative water workforce to protect public health and environmental quality in communities across the country.

Equitably Address Urban Flooding and Sewage Overflows

- **Expand and improve funding options for gray, green and natural stormwater infrastructure.** Many municipalities need to replace aging stormwater infrastructure; invest in green infrastructure; fund maintenance to prevent clogging and lowered capacity and reduce inflow and infiltration or expand treatment plant capacity so systems can handle increased volumes of stormwater. According to the Water Environment Federation’s 2022 National Municipal Separate StormSewer System (MS4) Needs Assessment Survey Results, respondents indicated that municipal governments nationwide spent an estimated \$23.5 billion to \$40.5 billion annually on stormwater programs and infrastructure investments.⁹ The 2022 survey analysis estimates the annual funding gap to be \$6.2 billion for all MS4s across the country. While the supplemental CWSRF funds provided through the IIJA partially address this need, Congress should provide more funding sufficient to close this gap. Additional funding should be provided to the CWSRF – with a special carve out specifically for stormwater projects – and to the Sewer Overflow and Stormwater Reuse Municipal Grants Program. Ongoing funding should also be provided and the Federal Emergency Management Agency Building Resilient Infrastructure and Communities program, which should be expanded to make projects that proactively address urban flooding more explicitly eligible and reduce emergency expenditures. Finally, non-federal cost-share requirements should be waived or minimized for disadvantaged communities to ensure they are able to access federal funding.
- **Help communities adapt to variable lake and river levels.** Congress should build upon the \$492 million for the National Fish and Wildlife Foundation’s National Coastal Resilience Fund (NCRF) provided by the IIJA with ongoing appropriations for the NCRF and similar programs that provide planning and construction grants and loans to places at-risk of water rise, erosion and increased urban flooding. These funds should be prioritized to areas serving environmental justice and low-income communities. This funding could be made available for planning efforts, managed retreat, sea walls (including on private property), tidal pumps and natural infrastructure solutions that can protect communities from variable lake and river levels that exacerbate urban flooding. Planning projects should be required to meet equity and inclusion criteria that allow the most vulnerable communities to guide solutions.
- **Reduce flooding risk and increase access to affordable flood insurance for low-income homeowners.** Congress should amend the National Flood Insurance Program by allowing income-based premium sharing, where the federal government pays for a portion of lower-income

⁷ See <https://www.akingump.com/en/insights/alerts/congress-passes-federal-ban-the-box-law-for-federal-agencies-and>.

⁸ See <https://www.prisonpolicy.org/reports/outofwork.html>.

⁹ See <https://www.wef.org/topics/practice-areas/stormwater-and-watershed-management/ms4-survey/>.

households' insurance policy costs. The more a household's income, the less the federal share of the premium. To prevent a cycle of using insurance to rebuild low-income households in flood prone areas, Congress should also create a flooding mitigation funding program that provides grants to low-income households and low-interest loans to moderate income households. These funds could be used for measures that reduce flood insurance premiums and make homes and small businesses more resilient to floods.

About the Cities Initiative

The Cities Initiative is a multinational coalition of local governments led by mayors and chief elected officers working collaboratively to safeguard the economic, environmental and social health of communities in the Great Lakes and St. Lawrence River Basin. It is committed to stewarding the basin's freshwater and ensuring that all residents have access to clean, safe and affordable water as the foundation for sustainable, vibrant, inclusive and resilient communities.

Policy Contact

Travis Wheeler, Chief Policy Officer, twheeler@glslcities.org