Investment in Water Infrastructure

Water infrastructure is critical to ensuring the health and safety of the public, environment, and economic growth in Texas and the nation.

- **Booming population growth is increasing demand for water infrastructure**. According to the Texas State Water Plan, Texas' population is expected to grow 73 percent in the next 50 years, potentially exceeding some long-range planning estimates for water infrastructure.[i]
- **Texas' aging water infrastructure is in need of repair.** According to a recent survey of water infrastructure needs, aging infrastructure is the largest driver of new capital projects, followed by population growth and regulatory compliance.[ii] Similarly, aging dams, 97% built prior to 1996 with 75% of the high hazard dams constructed prior to 1975, continue to need maintenance and rehabilitation while hazard classifications increase.[iii]

Texas Water Infrastructure Ratings 2021

Source: American Society of Civil Engineers[1]

Water Treatment	*C-*
Wastewater	*D*
Flood Mitigation	*C-*
Levees	*D*
Dams	*D+*

- **Increased frequency of extreme weather events stress water infrastructure.** The drought and flood cycle - common in Texas - can make the ground expand and contract around the pipes, breaking pipes and causing leaks. According to a recent survey, water main or line breaks is the number one priority for water infrastructure needs.[iv] Flood waters carry contaminants into our drinking water sources, which can stress water treatment plants and overwhelm combined sewer-stormwater systems, sending a mixture of raw sewage and stormwater into rivers. These extreme weather events often expose a community's vulnerabilities in their infrastructure.
- **Small systems in Texas struggle more than other parts of the U.S.** Sixty percent of public water systems in Texas serve populations of 500 or less.[v] Financial resources are the largest barrier to infrastructure improvements for small systems. Average ongoing infrastructure needs per residential connection are $19,734 for a system with less than 100 connections, compared to $2,503 for system with greater than 10,000 connections.[vi]
- **Federal state revolving fund (SRF) allocations are decreasing as needs are increasing**. The proposed U.S. House of Representatives 2024 budget diverts 88% of annual federal funding from SRF subsidized loans to one-time grants, including earmarks. Compared to 2021 (pre-earmark) funding levels, SRF allocations to Texas would be cut by 96%. SRF programs in Texas are more than 7x oversubscribed, making the on-the-ground impact to Texas utilities even greater.

Texas Water/Wastewater Infrastructure Needs

EPA Current Needs Survey	*$57 Billion*
State Water Plan (10 years)	*$27 Billion*
State Water Plan (50 years)	*$80 Billion*
Flood Plan Infrastructure Needs	*$37 Billion*
Applications for SRF Funds (2023)	*$5.3 Billion*

(despite $750 million in 2023 SRF capacity with federal funds)

- **Texas needs additional financial resources to address water infrastructure needs.** Federal subsidized loans and grants can be a strong tool to incentivize communities to implement needed projects before a crisis.

- **Extensive, bureaucratic funding requirements keep systems from accessing needed resources.** Many federal funding requirements are duplicative of state requirements and significantly add to the administrative cost of water infrastructure projects. As a result, many communities, especially smaller communities, delay or do not pursue their projects.

Requests of Congress.

- **Fund earmarks in addition to, and not in lieu of, SRF funding using other sources of funding.** For example, EPA's Emerging Contaminants in Small or Disadvantaged Communities could be a source of funding for earmarks, as these projects are already eligible to compete for funding within state SRF programs.
- **Ensure sufficient, low-cost financing and funding options for water infrastructure projects.** Expand capacity and eligibility for key programs, such as State Revolving Funds, to facilitate availability of low-cost water infrastructure, including options for increased subsidies and grant options.
- **Reduce bureaucratic hurdles associated with federal water infrastructure funding**. Repeal various federal loan requirements that often duplicate state requirements, are unnecessary for water infrastructure projects or add cost to water infrastructure projects.[vii]

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[i] "Texas 2022 State Water Plan." Texas Water Development Board. https://www.twdb.texas.gov/waterplanning/swp/2022/index.asp
[ii] Texas Water Infrastructure Network 2022 Capital Needs Study. https://txwin.org/wp-content/uploads/2022/12/TXWIN-CapitalNeedsSurvey-2022-7.pdf
[iii] American Society of Civil Engineers Texas Infrastructure Report Card. https://texasasce/wp-content/uplaods2021.02.2021-Texas Infrastructure-Report-Card.pdf
[iv] Texas Water Infrastructure Network 2022 Capital Needs Study. https://txwin.org/wp-content/uploads/2022/12/TXWIN-CapitalNeedsSurvey-2022-7.pdf
[v] "Improve Viability of Small Public Water Systems." Legislative Budget Board. 2019. http://www.lbb.state.tx.us/Documents/Publications/Staff_Report/2019/5464_Water_Systems.pdf
[vi] "Improve Viability of Small Public Water Systems." Legislative Budget Board. 2019. http://www.lbb.state.tx.us/Documents/Publications/Staff_Report/2019/5464_Water_Systems.pdf
[vii] "More protection, less process." Council of Infrastructure Financing Authorities. https://d589cb58-d8ca-4feb-a9f3-c53a5a301572.filesusr.com/ugd/ce9ad4_ca054177970f4d0ebe7ef7429ae56df6.pdf