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**TESTIMONY OF
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**BEFORE THE
ENERGY AND ENVIRONMENT SUBCOMMITTEE
HOUSE ENERGY AND COMMERCE COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

MAY 13, 2010

Chairman Markey, ranking member Upton, and members of the committee, I am Cynthia Dougherty, Director of the Office of Ground Water and Drinking Water at the United States Environmental Protection Agency. Thank you for inviting me to testify today about the Drinking Water State Revolving Fund (DWSRF) and the Endocrine Disruptor Screening Program (EDSP).

Administrator Jackson has expressed her commitment to ensuring the safety of our drinking water as a fundamental element of EPA's overall mission. Strong and reliable drinking water infrastructure is an essential component of public health protection. One of the means EPA has to assist public water systems in achieving compliance with the Safe Drinking Water Act is the Drinking Water State Revolving Fund. For more than a decade the DWSRF has been helping to meet the need that exists for investment, upgrade and improvement to maintain the nation's drinking water infrastructure by offering public water systems, including small systems, access to financing for infrastructure improvements. The Fund's success secures the provision of safe drinking water for millions of Americans for years to come.

Also, implementation of the Endocrine Disruptor Screening Program is part of one of Administrator Jackson's top priorities: to make significant and long overdue progress in assuring

the safety of chemicals in our products, our environment and our bodies. Issuing test orders for the generation of data to better understand potential endocrine effects is an important step in improving our ability to protect the public health and the environment from chemicals.

I appreciate the Committee's interest and I welcome continued dialogue on these issues.

Success of the Drinking Water State Revolving Fund Program

The DWSRF program helps to ensure that the nation's drinking water supplies remain safe and affordable and that public water systems that receive funding are properly operated and maintained. The DWSRF program was established under the Safe Drinking Water Act (SDWA) Amendments of 1996 which authorize the Agency to award capitalization grants to States, which in turn are authorized to provide low-cost loans and other types of assistance to public water systems to finance the costs of infrastructure projects needed to achieve or maintain compliance with SDWA requirements. At their discretion, States may also use a portion of their capitalization grants to fund a range of set-asides designed in part to help small systems and disadvantaged communities. In addition, two percent of DWSRF appropriations are for tribal infrastructure improvements.

Since its inception, the DWSRF has provided over 16.2 billion dollars of federal and state assistance to over 6,600 projects that have improved public health protection for millions of people. 49 percent of the total funding has been provided through federal capitalization grants. Since 1997, almost 40% of DWSRF assistance has been provided to systems serving fewer than

10,000 people, and almost 19% of the funds have gone to disadvantaged communities, as defined by the States.¹

One of the keys to the DWSRF's success is the considerable flexibility that states have to decide how funds are used to protect public health under varying state-specific circumstances. In addition to setting priorities among eligible projects, states are also able to choose how much money should be given to water systems in the form of subsidies and how much should revolve to provide for capitalization of the fund.

As of February 17th, the one-year anniversary of the American Recovery and Reinvestment Act (ARRA), EPA and its partners succeeded in placing 100 percent of available ARRA funding into contracts and into the economy, placing more than 1,300 projects under contract in all 50 states and Puerto Rico, totaling more than \$1.8 billion. More than \$500 million of this was in green infrastructure projects, exceeding the 20% Green Project Reserve requirement.

Sustainability

Water system sustainability, especially for small drinking water systems, is an ongoing challenge for the States and EPA. To be sustainable, a system must have the capacity to address existing needs as well as be prepared for the long term, so it can continue to provide safe water today, tomorrow and in the future. We at EPA particularly recognize our responsibility and the continuing work ahead of us to ensure that all Americans, including those served by small water systems and in disadvantaged communities, receive safe drinking water. Many small systems

¹ All numerical facts are from the DWSRF National Management System (DWNMS).

need help to achieve sustainability – 96% of health-based violations occur at systems serving less than 10,000 people. Small systems often face unique financial and operational challenges in providing safe drinking water. Many are not in business to provide drinking water as a primary function and lack the technical, financial, and managerial capacity necessary for successful operation in the long term.

The Safe Drinking Water Act currently provides some tools to support sustainability through the DWSRF. These include the flexibility that states have to use optional set-asides that support capacity development and technical assistance. In addition to the set-asides, the SDWA allows states to use up to 30% of their capitalization grant to provide additional assistance for communities that meet affordability criteria established by the state. In these disadvantaged communities programs, additional subsidization can be provided through principal forgiveness, negative interest rates and extended loan repayment terms. All but fourteen states have used the disadvantaged community provision at some level over the years, accounting for an estimated 19% of DWSRF funds.

DWSRF Authorities

The accomplishments of the DWSRF to date in funding drinking water infrastructure improvements have been remarkable. However, there is room to enhance aspects of the program to allow states to make better progress in key areas without diminishing the attractiveness to water systems of DWSRF funding. We appreciate the efforts of the Committee to spur improvements in the program. The proposed legislation, The Assistance Quality and Affordability Act of 2010, focuses on issues of fundamental importance to achieving the goals of the DWSRF, including support for small systems and long-term sustainability. We look forward to working with you on this recently released bill.

Endocrine Disruptor Screening Program

The proposed legislation would also amend provisions of SDWA related to the Endocrine Disruptor Screening Program (EDSP). Public health protection from contaminants that may be in drinking water is of the highest priority for the EPA. By providing information to help us better understand potential endocrine effects of these chemicals, test orders issued through the EDSP will be an important step in improving our ability to protect public health and the environment.

The Food Quality Protection Act of 1996 (FQPA) required that EPA develop and implement a program to screen all pesticides for any “effect in humans that is similar to an effect produced by a naturally occurring estrogen and such other endocrine effect” as EPA may designate and we have been working across programs to make this happen. EPA has already issued test orders covering 67 different pesticide chemicals and as instructed by the House Appropriations Committee², EPA is preparing a second list of no less than 100 chemicals. The List 2 chemicals will be drawn from three sources: National Primary Drinking Water Regulations, the Contaminant Candidate List 3 (CCL 3), and pesticides that are on the reregistration schedule for 2007 through 2008. The CCL3 List is a list of contaminants that are currently not subject to any proposed or promulgated national primary drinking water regulations, that are known or anticipated to occur in public water systems, and which may require regulation under SDWA. The CCL3 list includes pesticides, other chemicals used in commerce, and disinfection byproducts and degradation products. We anticipate releasing the second list

² H. Rep. No. 180, 111th Cong., 1st Sess. 105 (2009),
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_reports&docid=f:hr180.111.pdf#Page=105

of chemicals shortly and expect to begin issuing test orders for the first 25 chemicals from the second list later this year.

The proposed legislation would expand the Agency's Endocrine Disruptor Screening Program by focusing on the testing of drinking water contaminants for endocrine disrupting activity. We will work with the Committee to continue our efforts to more effectively implement the EDSP.