



## ***More Protection, Less Process***

**Increasing Protection for Public Health & the Environment by Reducing Process & Paperwork**

**[www.MoreProtectionLessProcess.org](http://www.MoreProtectionLessProcess.org)**

The Clean Water State Revolving Fund (SRF) is a proven state-federal partnership that was established to provide low-cost, subsidized loans to communities to build water infrastructure that protects public health and the environment. Funding is provided by an annual federal “capitalization” grant and state funds, including a 20% match and loan repayments, plus bond proceeds in states that leverage. Today, state sources comprise 66% of all Clean Water SRF funds.

During the last decade, the number of federal requirements on SRF loans, including loans made with 100% state funds, has increased significantly. While well intentioned, many of the federal loan requirements are duplicative of other laws and add to the administrative cost of water infrastructure projects without increasing protection for public health and the environment. The increased cost of compliance is passed onto utility ratepayers, eroding the affordability benefits provided by an SRF subsidized loan. As a result, many communities are delaying or simply not pursuing much needed water infrastructure projects.

### **Federal Loan Requirement: Davis-Bacon**

**Requirement:** Since 2009, all SRF loans, including loans made with 100% state funds, have required recipients to ensure mechanics and laborers on water infrastructure projects are paid the prevailing federal wage. (Annual Appropriations, WRRDA, AWIA)

**Issue:** According to the U.S. Department of Labor (DOL), 26 states have state prevailing wage laws and DOL adopts state wages for highway construction projects but not other types of construction projects, including water infrastructure projects. Compliance with both federal and state law is duplicative and federal compliance procedures are exceedingly prescriptive.

**Proposal:** Require the U.S. Department of Labor to adopt state prevailing wages for other construction projects, just like highway construction projects, and allow compliance with state prevailing wage law to satisfy federal compliance requirements. Allow SRFs, in states without a prevailing wage law, to develop their own compliance and reporting procedures “as determined by the Governor of the State” which is current law.

### **Federal Loan Requirement: Reporting Trigger**

**Requirement:** SRFs are required to report data on all loans into the Clean Water Benefits Reporting System (CBR) and Project Benefits Reporting (PBR). Additionally, since 2010, SRFs are required to enter the federal capitalization grant and loans funded by the federal capitalization grant into the federal database, USAspending.gov. (FFATA)

**Issue:** Entering SRF loans into USAspending.gov is duplicative and has the unintended consequence of triggering additional federal requirements on those loan recipients.

**Proposal:** Maintain the requirement that SRFs report the federal capitalization grant into USAspending.gov but eliminate the requirement that SRFs report loans in the federal database which would provide more flexibility in meeting additional federal requirements.

### **Federal Loan Requirement: Cost and Effectiveness Analysis**

**Requirement:** Since 2014, Clean Water SRF loans, including loans made with 100% state funds, have required recipients to conduct a cost and effectiveness analysis of techniques and technologies to maximize efficient water use and energy conservation for all projects, from construction of new treatment facilities to replacement of old pipes. (WRRDA)

**Issue:** A cost and effectiveness analysis for some projects, such as replacement of sewer pipes and rehabilitation of minor components, increases the cost of the SRF loan without providing any additional environmental benefit. Many states have their own cost and effectiveness requirements and policies to promote water conservation and energy efficiency based on their unique needs, making compliance with both federal and state laws duplicative.

**Proposal:** Allow SRFs to determine when a cost and effectiveness analysis is appropriate and allow SRFs to use a portion of their capitalization grant, up to 2%, to provide technical assistance to support this activity.

### **Federal Loan Requirement: Fiscal Sustainability Plan**

**Requirement:** Since 2014, Clean Water SRF loans, including loans made with 100% state funds, have required recipients to develop and implement a fiscal sustainability plan which includes an inventory of assets, a funding plan to maintain the assets, and a certification that the recipient will implement water and energy conservation as part of the plan. (WRRDA)

**Issue:** Many state and local governments have policies and requirements for asset management, water conservation, and energy efficiency that are similar to the fiscal sustainability plan requirements but are tailored to meet the needs of their communities. Compliance with both federal and state laws is duplicative. Putting these requirements on small communities, particularly those with declining populations, increases the cost of loans for those who can least afford it.

**Proposal:** Allow SRFs to determine how best to work with their loan recipients to promote fiscal sustainability planning and allow SRFs to use a portion of their capitalization grant, up to 2%, to provide technical assistance to support this activity.

### **Federal Loan Requirement: Procurement Procedures**

**Requirement:** Since 2014, Clean Water SRF loans funded by the federal capitalization grant are required to use federal procurement procedures for architectural and engineering services. (WRRDA)

**Issue:** States have procurement laws and procedures to ensure communities use qualified consultants for water infrastructure projects. Compliance with both federal and state laws is duplicative. Additionally, the federal requirement is especially challenging for small communities that use engineering consultants to augment limited staff capacity for multi-phase projects and an array of municipal infrastructure needs.

**Proposal:** Repeal the requirement to use the federal process for procurement.