



TESTIMONY OF
DENNIS STERNBERG
EXECUTIVE DIRECTOR
ARKANSAS RURAL WATER ASSOCIATION

BEFORE THE
**SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND
FORESTRY**
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Madam Chair, ranking Member Chambliss, and Members of the Committee - it is an honor to testify before you on the Department of Agriculture's Rural Water and Waste Water funding programs and the associated technical assistance initiatives that directly benefit small and rural communities with safe drinking water and adequate sanitation.

As a native Arkansan, I am proud and honored that you chair this important Committee for the benefit of residents of Arkansas and the other states. Your humble rural roots make you an effective and knowledgeable advocate for our rural and small communities. No one needs to tell you about the barriers small town America faces each day and for that and other reasons, I thank you for your leadership and support.

Over 93% of the country's 51,000 community water systems serve less than 10,000 homes. These communities have the greatest difficulty providing safe and affordable public drinking water and sewer services because of their limited economies of scale and lack of technical expertise. According to USDA, many rural communities can't afford to provide water to all residents - leaving thousands of families to haul water, rely on shallow wells, or use unsafe supplies. To overcome the lack of density in rural areas, rural communities have turned to the USDA rural water & wastewater loan and grant program to build or extend water systems and repay the loans at reasonable rates and terms. Without this assistance, they could not construct new systems, expand existing ones, or comply with mandates. Unlike other environmental funding programs, USDA targets its funds to the smallest, most economically disadvantaged communities. As a result, the program has become the backbone of compliance with environmental mandates and increased public health/economic development in rural areas. Hundreds of communities are currently on the long national waiting list for funding, which includes a backlog of over \$3 billion in eligible loans and grants.

I look at these USDA investments in water infrastructure and their impact from a holistic view. This is not just putting pipes and equipment in the ground. These investments have many direct additional benefits—they provide a catalyst for economic and community growth while at the same time enhancing and maintaining community health. A small community's ability to provide adequate drinking water and sanitation often determines their ability to thrive and remain viable in

the future. Many small communities in Arkansas and the other states are paralyzed due to inadequate drinking and wastewater treatment and capacity limitations. Many can't attract economic development, meet federal environmental standards, or maintain and grow their population base.

New businesses will not even entertain locating in an area without this infrastructure. No new homes will be constructed. These barriers are indicative to small rural communities around the nation. Recently, I heard a news report that I thought shed some light on this issue. The commentator stressed the huge investments in the country for highway, water and waste water and essential facilities in the post era World War II. This expansion led to an economic boom that began the advancement of the middle class in America. The level of federal support that exists today is not adequate to meet the demand to replace and refurbish these systems on a national scale that is affordable for these small rural communities. A large portion of this infrastructure is antiquated and needs to be refurbished and or replaced.

With the limited federal resources, it is my hope that this Committee will look at creative solutions in the next Farm Bill to provide Rural Development alternative affordable financing options for our communities. Rural Water stands willing and able to work with you to accomplish this goal. As you are aware, the economic downturn has also disproportionately impacted many of these small rural communities more than our urban counterparts. Small rural communities are also faced with the additional burden of reduced tax revenues that impact their ability to provide essential services like water and waste water assistance.

The current water and waste disposal grant and loan program operated by the Department's Rural Utilities Service has a long successful history of providing critical infrastructure assistance to meet one of the most basic needs in rural America — providing safe and affordable water and waste water assistance to low and moderate-income communities. This is one of the highest rated government programs in history, and one with a default rate that is almost non-existent with a greater than 30 day delinquency rate of .67 percent and greater than one year delinquency rate of .21 percent. The portfolio consists of over 18,000 loans that are valued at approximately \$11 billion dollars.

Rural Development also has the unique advantage over other federal agencies because of their field structure that includes experienced staff with community development expertise scattered throughout small town Arkansas and throughout rural America. This structure allows them to serve communities that are both small and remote. In many cases communities that lack the capacity and resources to address many of their large issues would go without assistance if it were not for these USDA programs and the employees that make them work. Federal and state agencies would have it much easier if they just served larger and more affluent communities, but the Rural Development mission is different - they are there to ensure rural America is not left behind.

I have witnessed the restructuring and the reduction of employees and offices in Rural Development and its predecessor, the Farmers Home Administration. I would caution reducing this field presence further. One example of the benefit of this structure is the American Recovery and Reinvestment Act (ARRA). EPA was afforded the benefit to provide their ARRA funding without regard to income and population and to provide a large portion of their funding in the form of a grant. USDA did not possess this flexibility and they are and continue to target to low and moderate-income rural communities. Rural Development is on track to deliver this historic funding this fall. This would

not have been possible without this field structure and expertise. The USDA-Rural Development staff is always there to help - whether it's by providing critical infrastructure, securing affordable housing, providing broadband, securing business assistance, or helping obtain essential community facilities.

I speak to you today on behalf of the Arkansas Rural Water Association which is a non-profit state rural water association that is similar to the other associations that operate in all 50 states. While USDA has provided funding for rural communities, the Arkansas Rural Water Association has provided the training, energy audits, certification, financial management, environmental compliance, governance, and on-site technical assistance necessary to ensure that facilities operate at the highest level possible. This assistance actually saves money and protects the community and government's investments by ensuring efficient and sustainable practices are followed. This training and education empowers operators, board members, elected officials and communities with the support and knowledge they need to understand every aspect of their systems and facilities. Many of these communities lack the staff, capacity, funding or expertise to address technical water and waste-water issues. I hear daily from rural communities in need of assistance, whether it is to design or construct a new system, repair an existing system or respond to a pending emergency, we are always there. Our mission is to restore and improve the public health, environment and sustainability of these small communities or in other words, to give them a level playing field with our urban counterparts so individuals and small communities can prosper in this global competitive environment.

Madam Chair, I would like to specifically address three sections of the Farm Bill that enable us to carry-out our mission at the Arkansas Rural Water Association.

First is the Rural Development Circuit Rider Program— Since 1980, Circuit Riders have produced on-site technical assistance to small communities in all states for water infrastructure development, compliance, training, certification, operations, management, rates, disaster response, public health protection—all necessary to encourage local responsibility and local solutions for protecting and enhancing water resources. This mission is to provide grassroots assistance to communities in need by providing safe, affordable and sustainable water and waste water service.

Second is the Farm Service Agency Grassroots Source Water Protection Initiative— this is the only statewide initiative ensuring environmentally progressive local land-use decisions for local elected officials, landowners, agricultural producers and other interested parties.

Third is the Waste Water Technical Assistance program— this initiative provides on-the ground technical assistance directly to communities for waste water treatment facilities. Assistance includes design and upgrade recommendations, daily operation and maintenance advice, assisting with permit renewals, and helping these systems meet compliance requirements from state and federal regulations.

From the local community perspective, these initiatives are the most effective environmental protection efforts for drinking water & wastewater quality, ground water protection, source water protection, compliance with federal mandates from the Safe Drinking Water Act (SDWA), the Clean Water Act (CWA), and other federal laws. Rural and small communities want to ensure quality drinking water and wastewater. After all, local water supplies are operated by people who are locally elected and whose families drink the water every day. However, they need common-

sense assistance in a form they can understand. Many small communities rely on volunteers or part-time administration to operate their local water supplies. Rural Water uses funding from Congress to provide every small community in all states the technical resources to provide safe and affordable water.

As unbelievable as it may sound, each Rural Water on-site technician makes ON-SITE contacts with over 300 water systems each year. All technicians (Circuit Riders) must be hands-on experts with “in-the-field” experience and are on the road and in the field every week. This is the only way to truly assist small community officials. All Rural Water technicians work for the communities free of charge. A typical on-site contact could include ensuring the water service is secure, discovering and repairing a faulty gas chlorination system, assisting a community to remove and replace the filtration media, training a new operator on how to run that particular treatment system, finding engineering and construction errors in a new sewer system, implementing a non-point pollution prevention plan, or solving lead and copper problems. Often the assistance saves thousands of dollars for the community and keeps the systems in long-term compliance with EPA rules. This effort is truly unique in the federal effort to protect the environment because it accomplishes progressive environmental protection with the support of the local community. Having local community support for environmental protection is essential to its long-term success. EPA’s own office of enforcement has documented the success of this effort versus the alternative method of increasing fines and penalties.

In closing Madam Chair, I would urge the Committee to address the current underlying statutory authority for the water programs that presently don’t provide the Secretary the needed flexibility or waiver authority in administering these funds to local communities. I have heard numerous situations in Arkansas where a small community is not eligible because they slightly exceeded the population or median income limit or needed to have a higher grant to loan ratio for affordability purposes. The ability to use grant dollars for the very low-income communities is critical. In some instances, communities cannot afford debt to service large loans especially in this economic climate. We would like to ask the Committee to explore providing the Secretary with this authority.

All communities have leaders. Some are elected; others are just concerned citizens that want to improve the quality of life in their community. Arkansas Rural Water with USDA as our partner — stand on the front line working daily with these leaders on a local level to ensure our rural communities are not left behind. No community can grow and improve without the sustaining resources of water and wastewater services. With your continued support and leadership, we will continue to prosper.

Thank you, Madam Chair and Ranking Member Chambliss for allowing me to testify today. I would be happy to answers any questions that you may have at this time.