

By Erik Johnston

**O**ne key challenge for our nation's counties is the enormous water and wastewater infrastructure maintenance costs facing all communities. This infrastructure is aging and is, or soon will be, in need of replacement to maintain reliable service and comply with federal regulatory requirements. Local governments pay 97% of the cost of wastewater and drinking water infrastructure construction, which is typically financed by current revenue, municipal bonds, U.S. Department of Agriculture (USDA) Rural Development loan/grant combinations and SRF loans. The financial burden of this infrastructure is difficult for all counties to keep up with, but rural counties often face impossible obstacles without an adequate federal funding partnership.

# Achieving Enhanced Federal Funding

*Demonstrating rural  
community demand  
and results to meet  
future needs*

The National Association of Counties (NACo) has a deep commitment to the future of rural America. The USDA Rural Development is a key agency whose mission is to partner with communities to build viable and sustainable rural communities. Its Water and Environmental Programs include loans, grants, training and technical assistance to ensure rural communities have sustainable water and wastewater infrastructure.

The agency has been praised for program management and technical assistance provided through organizations such as the National Rural Water Association (NRWA) and the Rural Community Assistance Partnership. Unfortunately, over the past decade, program funding has remained relatively flat and grants slowly shifted to a heavier reliance on loans.

In 2007, hundreds of rural communities were waiting for funding on USDA's long-standing \$3-billion backlog list of approved applications for clean water and wastewater projects. Many communities no longer took the time to apply due to the lack of sufficient grant funding and the long backlog of projects.

NACo and other rural partners came together during the reauthorization of the Farm Bill in April 2007 to work at reversing this trend and create new enhanced efforts to foster regional collaboration and innovation through programs such as the Rural Collaborative Investment Program. The Campaign is now a collaboration of 28 national organizations with a strong interest in the sustainability and prosperity of small-town and rural America.

The Campaign's Farm Bill efforts raised the profile of rural development. During tough negotiations with limited resources, the final bill, enacted in May 2008, provided \$150 million in new mandatory funding above previous levels. Of this mandatory funding, which is funding in addition to yearly appropriations by Congress, \$120 million went toward USDA Rural Development's backlog of water and wastewater projects. USDA released these resources quickly to communities, which also leveraged the federal investment and demonstrated its effectiveness.

The stimulus debate that began in Fall 2008 provided an opportunity for federal programs that could show demand and results in terms of jobs. Using a timely NRWA report, the Campaign and other rural advocates made the case to Congress and the administration that \$1 billion in backlog funding could create up to 23,000

related jobs, in some cases allowing rural families to receive piped water for the first time.

USDA Rural Development received a major boost in the American Recovery and Reinvestment Act (ARRA) of 2009. The Rural Water and Waste Disposal Program alone received \$1.38 billion to support full funding for the long-standing backlog of \$3.788 billion in loans and grants for rural water and waste disposal projects. In addition, the Clean Water State Revolving Fund was funded at \$4 billion and the Drinking Water State Revolving Fund at \$2 billion.

## Show Demand, Show Results

USDA Rural Development is funding an unprecedented level of critical rural water and wastewater projects across the country with ARRA funding, disaster funding and regular appropriations. Unfortunately, however, ARRA funding will run out in September 2010 and the federal deficit will continue to make enhanced yearly appropriations an uphill battle.

Historically, the bleakest fiscal periods for state and local governments are the first two years of an economic recovery. Combined with aging infrastructure in rural America, this means that USDA Rural Development's Water and Environmental Programs and Community Facilities program will need enhanced funding, especially grant funding, to meet the infrastructure needs necessary for economic development.

The success of future efforts will be determined largely by the successful utilization of current funding and demonstration of future need. Current recipients of federal funding should give credit to their congressional delegation for all projects through events, letters and awards. Rural and small utility systems and their rural partners can lay the foundation for enhanced federal funding by illustrating demand for these programs through persistently applying and demonstrating concrete results to the media, their community and congressional delegation. [www](#)

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