

**United States Senate Committee on Appropriations
Subcommittee on Agriculture, Rural Development, Food and Drug
Administration & Related Agencies
October 21, 2015**

**William Simpson
Director of Legislative and Regulatory Affairs
National Rural Water Association**

Good Morning Chairman Moran, ranking Member Merkley and members of the Subcommittee. It is an honor to testify before you on the Department of Agriculture's Water and Wastewater programs and the associated technical assistance programs that directly benefit small rural communities. As a native Mississippian, I am proud of the work of this Committee and specifically the impact of the Rural Development programs that have lifted-up the quality of life for so many of the residents in my home State from the Gulf of Mexico to our northern border with Tennessee. Thank you.

Before I get started I would like to offer a personal note. One of the great honors in my life was to serve on this Subcommittee. I was trained by a former clerk named Galen Fountain who is a brilliant, kind and decent man. I learned early on that this Subcommittee, regardless if you are in the majority or minority, is tasked to work as a team in a true bipartisan manner to draft and establish the policy and funding levels within your annual allocation — with everyone at the table throughout the entire process, every word, every policy, every dollar would be mutually agreed upon.

In a time where it is popular to criticize Congress on their lack of progress or inability to perform their duties, this Subcommittee is a shining example of how Congress meets those challenges and responsibilities even through difficult times. The entire staff, majority and minority, are recognized as capable, approachable, intelligent and true professionals. The fact that this tradition continues throughout the changes in the leadership of this Subcommittee over the years should be recognized, commended and duplicated.

The Rural Development mission area has a wide and holistic approach necessary to enhance and protect the health and vitality of rural America. We look at these USDA investments, especially in water and wastewater infrastructure, and witness their tangible impact on the quality of life in these rural communities. People take it for granted that their water is always safe and uninterrupted. This is not just about digging trenches and putting pipes in the ground. These investments are the catalyst for economic and community growth. They provide direct benefits like

employment opportunities for residents. They also provide indirect benefits like increasing the tax base to attract new businesses and housing developments. Without the advantage of water and wastewater services these foundations of a community would never be put in a position to succeed.

The current water and waste disposal grant and loan programs operated by the Department of Agriculture's Rural Utilities Service have a long and successful history of providing critical infrastructure assistance to meet one of the most basic needs in rural America---providing safe and affordable water and wastewater 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 .42 percent and greater than one year delinquency rate of .17 percent. The portfolio consists of over 16,000 loans that are valued at approximately \$12.5 billion dollars. We believe the technical assistance provided by this Subcommittee to organizations like the National Rural Water Association and others has a direct correlation with the stability and health of this portfolio and protects the government and community's investment.

All communities have elected and/or non-elected leaders that want to improve the quality of life where they work and live so their family and friends can benefit. The Rural Development staff lives and works in many of these same communities. They are part of the fabric of that community and also a vital federal partner. This partnership has tremendous benefits, whether it's by providing critical infrastructure, securing affordable rental housing, providing broadband, telemedicine, constructing a health care or child care facility or attracting and creating new businesses, it has and continues to impact lives.

We have witnessed the restructuring and reduction of employees and offices in Rural Development and its predecessor, the Farmers Home Administration. I know it is difficult in this budget climate, however any efforts to preserve or enhance this field structure will make a difference in serving remote rural areas especially ones that experience pervasive poverty. You can see diminishing Rural Development housing, water infrastructure and other loan and grant activities in areas where staff and offices have been reduced, relocated or eliminated.

The National Rural Water Association also shares a mission with our Rural Development partner. A shared mission to serve every rural community in need regardless of income or location. Like Rural Development, we want to ensure no community in rural America is left behind. Our seasoned field employees have an average of 23 years of experience working in the water and Wastewater industry. Many could find higher paying jobs and positions that did not require extensive

travel, but they are on a mission and receive great personal satisfaction from their work. Many of the communities we serve simply can't afford the individual expertise necessary to operate and maintain their utility systems.

We accomplish this mission by using three existing programs under the Rural Development Title.

- First, the Circuit Rider program. Since 1980, Circuit Riders have provided on-site technical assistance to small rural communities for water infrastructure development, compliance, training, certification, operations, management, rate studies, disaster response, public health protection—all necessary to encourage local responsibility and local solutions for protecting and enhancing water resources. This mission is simple. At the grassroots level we deliver on-the-ground assistance to communities in need by providing safe, affordable and sustainable water service. We currently have 117 Circuit Riders throughout the country. From Dec 1, 2014 to September 30, 2015, Circuit Riders directly assisted 22,143 rural water systems through 40,788 direct contacts totaling 207,607 hours of work. This work performed by NRWA far exceeds our contract requirements. Rural communities also rely on our circuit riders in emergency situations. When flooding, extreme freezing, tornados or hurricanes hit, the circuit riders reach out to rural systems with generators, and technical help and assistance to get systems back online and safe water flowing to their customers.
- Second, is the Wastewater Technical Assistance program. This initiative provides on-the-ground technical assistance directly to communities for wastewater 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. We currently have 70 wastewater Technicians throughout the nation. The wastewater Technicians, from July 1, 2014 to June 30, 2015, provided 147,571 hours of work directly contacting systems 35,969 times to assist 7,746 wastewater systems.
- Third, we are in our 2nd year with a new energy efficiency program created by the Rural Utilities Service (RUS). With electricity as the second leading operational cost after labor for a utility, reducing this expense provides increased stability and frees up revenue to address upgrades or deferred maintenance and at the same time reduces the burden to shift ever increasing operational costs to the moderate or low-income customers. We started this initiative last year with seven states and expanded to nine states this fiscal

year. From July 1, 2014 to June 30 2015, 240 assessments were completed with a combined energy savings of \$2,615,809. This initiative returns \$4.36 in savings to the utility for every \$1 of federal investment.

I will close with a suggestion for the Subcommittee- The current underlying statutory authority for the Rural Development Water and Wastewater programs is set at a 10,000 population limit. The Secretary has little flexibility or waiver authority to address communities that have grown or slightly exceed that limit. In the past, this Committee was able to list these communities in general provisions in order to continue to be eligible for the RUS Water and Wastewater programs.

With the changing demographics of rural America, we believe that increasing the population limit to 20,000, with a priority given to smaller communities, would provide a benefit to rural America. We also believe this will increase the utilization rate for the Water and Wastewater Guaranteed program especially for communities with more resources and capacity necessary to debt service a commercial market rate loan.

In summary, rural America has been strengthened from the work and vision of this Subcommittee. No community can grow and improve without the sustaining resources of water and wastewater services. Rural Water stands willing and able to work with you and our partners at Rural Development to accomplish this goal.

Thank you Chairman Moran and Ranking Member Merkley for allowing me to testify and I would be happy to answers any questions that you may have at this time.