

H/JR-55

COMMITTEE REPORT

3/2/76

HOUSE

Mr. Speaker:

Date 3-16-76

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had IWR 55

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

[Signature] _____

[Signature] _____

[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: NO REC

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

*Sewer bonds
HJR 55*


POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

March 22, 1976

SUBJECT: Sewer Construction Funding

TO: The Honorable Sam Cotten, Chairman
House Committee on Community and Regional Affairs

FROM: A. R. Latham, Research Analyst 

The attached "Washington Report" appeared on my desk Friday (3/19/76), and I thought you might be interested in its contents. Since the deadline (3/15/76) has passed, I am not sure what we should do. If you have any suggestions or directions, please forward them to me.

ARL:jm
Attachment



March 2, 1976

REAUTHORIZATION NEEDED FOR NEW SEWER CONSTRUCTION

Latest Developments: March 15 is the deadline for House and Senate Committees to notify their respective budget committees that they intend to report authorizations for fiscal year 1977, but so far, only the Senate has a bill to reauthorize funds for the sewage treatment construction grants program. Key members of the Senate Public Works Committee, including Senators Muskie (D-Me.), Chairman Randolph (D-W.Va.), Baker (R-Tenn.), and Buckley (Cons-N.Y.) only last week introduced S. 3037, authorizing \$7 billion in contract authority for next year.

On the House side, no similar bill has yet been introduced. Nor does the Administration's proposed 1977 budget include provisions for a reauthorization.

If there is no reauthorization, more than half the states could run out of their allotments of federal funding for new sewer construction projects next fiscal year. Four states could run out by June. (See attached list of states)

Background: Under the construction grants program in the 1972 Federal Water Pollution Control Act, Congress established \$18 billion in authority for the Environmental Protection Agency to pay most of the eligible costs in approved construction contracts for sewage treatment works. This contract authority was parcelled out to the states according to need and population. As each state submits approvable construction projects, EPA obligates itself to pay 75 percent of the eligible costs, subtracting each obligation from the state's allotment of contract authority. Thus, when a state runs out of its allocation of contract authority, it can no longer get an obligation of funds for new construction projects.

It is important to note here that if Congress authorized, say, \$7 billion in contract authority for FY '77, the federal government would not necessarily spend that amount in one year. EPA's actual outlays for sewer construction each year depend on the pace of engineering, design, and construction on projects to which the Agency has obligated itself. The number of obligations in turn depends on how quickly EPA can process and approve project applications. Due to funding impoundments and the proliferation of federal red tape over local development and state submission of project applications, EPA at the end of 1974 had obligated itself to only \$3.9 billion worth of projects, and had actually paid out only \$427 million on the \$2 billion worth of these that had started construction. Thus a Congressional reauthorization of contract authority next year would not be irresponsible inflationary pump-priming, since actual outlays would be deferred and spread out over the years needed for projects to be prepared, submitted, approved, designed, and built.

State Impacts: The Administration contends that since there is still \$10 billion of the original \$18 billion remaining to be obligated, there is no need for a reauthorization for FY '77. The rate of obligation has picked up considerably in the last year, however, and EPA has calculated that at its present rate of obligation, 22 states will exhaust their contract authority allocations by March in 1977. So far, however, EPA has not been able to convince the Office of Management and Budget or the White House that an immediate reauthorization is essential.

Depletion of federal contract authority would play hob with state and local sewer planning and programming. All the state man-hours spent this year on needs surveys and construction priority lists will have been wasted, since only a few if any new projects could be funded. State staffs for the construction grants program could find themselves largely idle, many of them having recently expanded for faster processing of local applications.

There would also be economic dislocations, which would affect state revenues. Orders for new construction equipment and materials would eventually slacken, with a corresponding aggravation of unemployment. The National Commission on Water Quality estimates that each \$1 billion spent on sewer construction directly creates 20,00 jobs, and indirectly, another 20,000.

Among states that currently fund part of the 25 percent non-federal share of project costs, delays on needed new projects spell larger eventual outlays, since construction costs will continue to ratchet upward.

Action Needed: Members of both House and Senate Public Works Committees should be urged to support early enactment of a reauthorization up to \$7 billion. This is the level originally authorized for 1975. (Existing NCSL policy calls for increased funding to at least \$60 billion through 1983.) Committee members on the House side especially need an urgent appeal to have a bill introduced before the March 15 deadline.

A list of House and Senate Committee members is enclosed.

Since President Ford is likely to veto any reauthorization, it would be prudent to call for a separate House reauthorization bill, rather than an addition to H.R. 9560, the water pollution bill now before the Committee. H.R. 9650 contains several important measures for the states, including a provision allowing qualified states to assume larger responsibilities for processing project applications. The effect would boost the rate of EPA obligation to new projects. This and other needed amendments would be lost if a construction grant reauthorization were attached to H.R. 9560 and a Presidential veto were sustained, however.

Once these bills are reported out of their respective Committees, they will need strong support on the floors of both Houses to surmount the inevitable veto. Ford recently vetoed H.R. 5247, a public works bill that contained a \$1.4 billion authorization for sewer construction, and the veto was narrowly sustained. The \$1.4 billion would have reduced the number of states running out of contract authority next year from 28 to 6.

To help avert the same outcome next time around, a letter or call to your Congressman or Senator just before a floor vote would be most helpful. If the Senate and House Committees do report reauthorization bills, a later Washington Report will let you know when the floor votes come up.

Staff Contact: Rob MacDougall

ENVIRONMENTAL PROTECTION AGENCY PROJECTION OF STATES AFFECTED

IF THERE IS NO REAUTHORIZATION

(Based on Current Obligation Rates)

To Run Out by June, 1976:

Hawaii
Nevada
North Dakota
Wyoming

To Run Out by March, 1977:

Alabama
Alaska
Arizona
Colorado
Delaware
Florida
Idaho
Maine
Mississippi
Missouri
Montana
North Carolina
Oregon
Pacific Trust Territories
South Dakota
Texas
Utah
Virginia

To Run Out by End of FY 1977 (Projections less firm, according to EPA sources):

California
Maryland
Michigan
Minnesota
Nebraska
New Jersey
Ohio
Wisconsin

House Public Works and Transportation Committee

Jim Wright (Texas)
Harold T. Johnson (Calif.)
David N. Henderson (N.C.)
Ray Roberts (Texas)
James J. Howard (N.J.)
Glenn M. Anderson (Calif.)
Robert A. Roe (N.J.)
Teno Roncalio (Wyo.)
Mike McCormack (Wash.)
James V. Stanton (Ohio)
Bella S. Abzug (N.Y.)
John B. Breaux (La.)
Gerry E. Studds (Mass.)
Ronald B. (Bo) Ginn (Ga.)
Dale Milford (Texas)
Norman Y. Mineta (Calif.)
Kenneth L. Holland (S.C.)
Allan T. Howe (Utah)
Elliott H. Levitas (Ga.)
James L. Oberstar (Minn.)
Jerome A. Ambro (N.Y.)
Henry J. Nowak (N.Y.)
Robert W. Edgar (Pa.)
Marilyn Lloyd (Tenn.)

William H. Harsha (Ohio)
James C. Cleveland (N.H.)
Don H. Clausen (Calif.)
M. G. (Gene) Snyder (Ky.)
John Paul Hammerschmidt (Ark.)
E. G. Shuster (Pa.)
William F. Walsh (N.Y.)
Thad Cochran (Miss.)
James Abdnor (S.D.)
Gene Taylor (Mo.)
Barry M. Goldwater, Jr. (Calif.)
Tom Hagedorn (Minn.)
Gary A. Myers (Pa.)

Senate Public Works Committee

Edmund S. Muskie (Maine)
Joseph M. Montoya (N.M.)
Mike Gravel (Alaska)
Lloyd Bentsen (Texas)
Quentin N. Burdick (N.D.)
John C. Culver (Iowa)
Robert Morgan (N.C.)
Gary Hart (Colo.)

Howard N. Baker, Jr. (Tenn.)
James L. Buckley (N.Y.)
Robert T. Stafford (Vt.)
James A. McClure (Idaho)
Pete V. Domenici (N.M.)

