

**National Governors Association
National Conference of State Legislatures
The Council of State Governments**

March 10, 2011

The Honorable Harold Rogers
Chairman
House Committee on Appropriations
H-307, The Capitol
Washington, D.C. 20515

The Honorable Norm Dicks
Ranking Member
House Committee on Appropriations
1016 Longworth HOB
Washington, D.C. 20515

The Honorable Daniel Inouye
Chairman
Senate Committee on Appropriations
S-128, The Capitol
Washington, D.C. 20515

The Honorable Thad Cochran
Ranking Member
Senate Committee on Appropriations
S-128, The Capitol
Washington, D.C. 20510

Dear Chairmen Rogers and Inouye and Ranking Members Dicks and Cochran:

We the undersigned organizations representing the nations' governors, state legislators and other state elected and appointed officials are writing to express our support for providing states with greater flexibility in administering the clean water and drinking water state revolving loan funds (SRF). The SRFs are an integral tool used for providing clean, drinkable, swimmable water to the public at large. In these times of tight federal and state budgets, we ask for more flexibility in administering the funds.

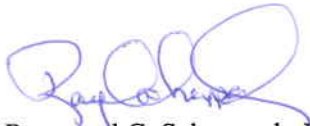
The federal government provides each state with two grants to capitalize both of its revolving loan funds of which the states must match 20 percent. States then use the funds to provide loans to communities in need of assistance to comply with the Federal Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA) as well as infrastructure upgrades and source water protection. Each program has been tremendously successful. They have provided states the opportunity to secure and update our nation's drinking water and wastewater infrastructure to protect the public health and manage the growing demands of population growth and development.

The nation's state elected officials have long supported these programs and perennially consider them among the most successful of the many state-federal partnerships. We believe there are tools available to make them even more effective. We recommend that Congress consider enacting the following program modifications to ensure the continued effectiveness of the SRF programs even in the event of funding cuts.

- Temporarily suspend 20 percent match for the overall clean water WSRF and drinking water SRF grants.
- Remove additional 100 percent match requirement from the 10 percent drinking water SRF set-aside.

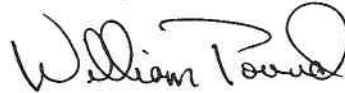
- Allow for states to meet any remaining match requirements through a “soft match” alternative mechanism.
- Provide states more flexibility by removing the requirement of 30 percent additional subsidization, in the form of forgiveness of principal, negative interest loans or grants, as required in the fiscal year 2010 appropriations; allow additional subsidization up to 30 percent of the fund at the state's discretion for both the Clean Water SRF and the Drinking Water SRF

We understand the need for fiscal restraint and look forward to working with you on ways to ensure the continued viability of the clean water and safe drinking water state revolving loan funds.



Raymond C. Scheppach, Executive Director
National Governors Association

Sincerely,



William Pound, Executive Director
National Conference of State Legislatures



David Adkins, Executive Director
The Council of State Governments