

**Adopt the House's FY'22 Funding Recommendation for the  
Contract Assistance Line-Item (1599-0093)**

***Ensure Continued Investment in Water Infrastructure***

**ACTION REQUESTED:** Your grassroots advocacy to urge your legislators to ask the Conference Committee to support the House # FY22 Funding Recommendation for the Contract Assistance Line-Item (1599-0093)

- **The attached fact sheet contains talking points which you can use in a phone call or an email to your State Senator and your State Representative.** If you don't have your state legislators' contact information, see this page: <https://malegislature.gov/Search/FindMyLegislator>
- The House funded the contract assistance line-item, 1599-0093, at **\$63,383,680, which represented level funding from FY'21.** The Senate appropriated the significantly reduced amount of **\$39,014,000.**
- **We need to work together to strongly encourage the Conference Committee to accept the House's recommendation of \$63,383,680**
- Now more than ever, with more unknowns due to PFAS and other issues, we can't afford a cut in funding for this critical tool for municipalities.
- While American Rescue Plan Act (ARPA) Local Fiscal Recovery (LFR) Funds can be used for some water infrastructure projects, **ARPA is one-time funding**; much of this funding will be used to accelerate municipal lead service line replacements. Cutting the Contract Assistance line item will impact future project.
  - Attached is a chart showing the **Historical Funding of the Contract Assistance Line-Item for FY'01 to FY'22.**

**Please contact your State Senator and your State Representative this week** – and for associations/organizations – please ask your members to contact their legislators this week to urge the conference committee to accept the House's funding recommendation for the Contract Assistance Line-Item (1599-0093)

If you have questions, please contact:

Abbie R. Goodman (she/her)

Executive Director, American Council of Engineering Companies of Massachusetts (ACEC/MA)

Cell: 617-365-3818

Office Tel: 617-305-4112

[agoodman@engineers.org](mailto:agoodman@engineers.org)

[www.acecma.org](http://www.acecma.org)

**Adopt the House's FY'22 Funding Recommendation for the  
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**What is the Clean Water Trust?**

The Massachusetts Clean Water Trust (CWT), <https://www.mass.gov/orgs/the-massachusetts-clean-water-trust>, manages the Commonwealth's Drinking Water and Clean Water State Revolving Loan Funds. The State Revolving Loan Funds are a joint federal-state financing program that provides subsidized loans to municipalities and utilities to improve their water infrastructure. In doing so, municipalities and regional water utilities are able to improve public health, create a cleaner environment and provide the foundation for economic development in the Commonwealth. The CWT, which is one of the most efficient administrators of this program nationwide, is housed under the Office of the Massachusetts Treasurer.

**What is the CWT contract assistance line-item (1599-0093)?**

Funding under the contract assistance line item allows the CWT to provide greater financial assistance to municipalities and regional water utilities in the form of lower than 2% interest rates or even principal forgiveness for certain qualifying projects. Contract assistance does not directly fund projects, but it addresses the difference between borrower repayments and amounts owed on debt service. Recognizing the importance of this line-item, the Massachusetts legislature increased the cap of this line-item to \$138 million through the Commonwealth's water infrastructure legislation, Chapter 259 of the Acts of 2014. Principal forgiveness reduces the impact on the ratepayers who shoulder most of the burden for funding infrastructure investments.

**What did the House and Senate appropriate in their respective FY'22 budgets?**

The House funded the contract assistance line-item, 1599-0093, at \$63,383,680, which represented level funding from FY'21. The Senate appropriated the significantly reduced amount of \$39,014,000.

**What is the current and historical appropriation for this program?**

Since FY'09, the Massachusetts legislature has generally funded the CWT contract assistance over \$60 million. While there has been an occasional flux (i.e., \$55 million in FY'18; \$73 million in FY'19), it has not been funded at \$39 million since FY'01. Accordingly, the proposed funding, \$39,014,000, would be the lowest appropriation in 20 years -- at a time when the Commonwealth's water infrastructure needs have only grown. As recently as 2017, the Office of the Massachusetts Auditor found that municipalities faced an \$18 billion water infrastructure funding gap -- not even considering some of the more recent and expensive regulatory developments.

**Will funding the contract assistance line-item at FY'01 levels impact municipalities and regional water utilities?**

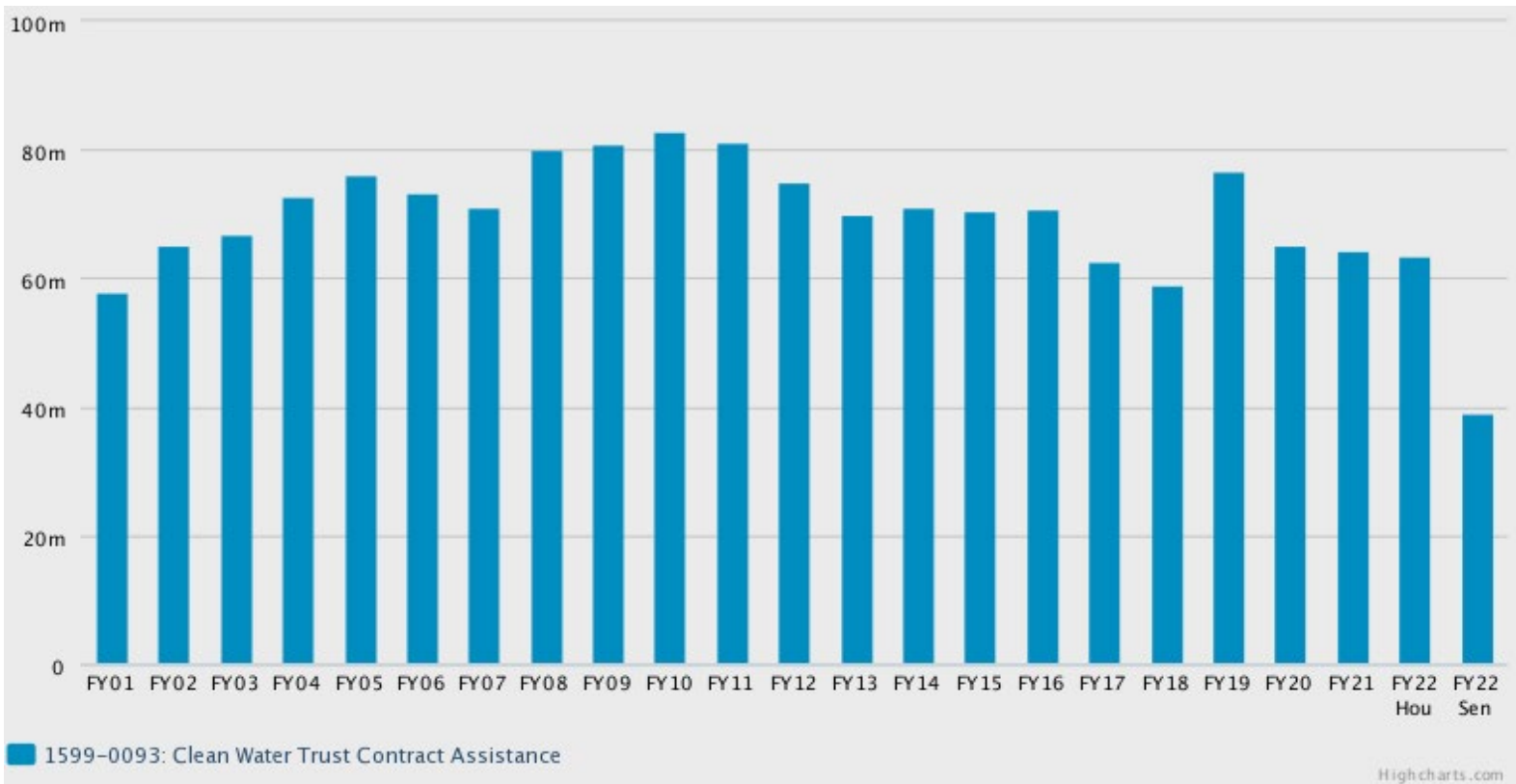
**Yes.** Municipalities and regional water utilities will likely be negatively impacted if the CWT contract assistance program is funded at FY'01 levels. The cost to maintain, not to mention upgrade, our water infrastructure systems is growing. Communities are facing significant costs to comply with new regulations and permitting conditions, all while trying to maintain and upgrade existing infrastructure. New requirements governing the remediation of per- and polyfluoroalkyl substances (PFAS); addressing lead in drinking water; notifying the public of combined sewer overflows; and managing stormwater have caused the Commonwealth's water infrastructure funding gap to exceed the original estimates of \$18 billion to \$21 billion. All these regulatory initiatives have important public health, economic development, and environmental benefits, however, compliance with these regulations is very expensive and requires technical expertise.

**What are the types of projects that benefit from the financial assistance offered by the CWT?**

Every municipality in the Commonwealth -- in some way or another -- benefits from the CWT's programs. Typical projects which qualify for additional financial assistance include, but are not limited to: remediation of per and polyfluoroalkyl substances (PFAS) (0% interest); communities who meet certain affordability criteria based on adjusted per capita income; projects with a renewable energy component, communities that have earned Housing Choice designation (0.5% reduction in rate); projects with the primary purpose of nutrient reduction and efforts to draft asset management and planning grants. Principal forgiveness or reduced interest loans from the CWT reduce the impact on the ratepayer, who otherwise shoulder most of the burden for funding infrastructure investments. In short, any reduction in line-item 1599-0093 will negatively impact municipalities and their residents and businesses while setting the Commonwealth back in its efforts to make progress on its water infrastructure needs.

***To prevent a reduction in our ability to address the Commonwealth's water infrastructure needs; adopt the House's funding recommendation for line-item 1599-0093***

## Historical Funding of the Contract Assistance Line-Item FY'01 to FY'22



Funding under the contract assistance line item allows the Clean Water Trust (CWT), <https://www.mass.gov/orgs/the-massachusetts-clean-water-trust>, to provide greater financial assistance to municipalities and regional water utilities in the form of lower than 2% interest rates or even principal forgiveness for certain qualifying projects. Contract assistance does not directly fund projects, but it addresses the difference between borrower repayments and amounts owed on debt service. Reduced interest rates and principal forgiveness reduce the impact on the ratepayers who shoulder most of the burden for funding infrastructure investments.