



**American Rescue Plan (ARP) Testimony**  
**New Jersey Future**  
**July 28, 2021**

Thank you for the opportunity to share the critical importance of investing American Rescue Plan funds in water infrastructure upgrades to improve the health of our communities.

New Jersey Future is a nonprofit organization that believes New Jersey can be a great place to live with a prosperous, fair economy; thriving communities; and a healthy environment if smart decisions are made about what and where to build and the supporting infrastructure. That's why we promote policies for cost-effective, sustainable water systems in New Jersey.

With over \$6 billion allocated to the State of New Jersey, the American Rescue Plan provides a once-in-a-generation opportunity to improve the everyday lives of state residents, and there is a long list of eligible programs to consider. To maximize the impact, investments should be transformative, equitable, and efficient, and since the funds are one-time in nature, they should be matched to one-time spending. A sizable portion could be used to permanently solve long-standing problems of great importance. Investments in water infrastructure and lead-safe housing check every box.

A significant investment in drinking water, wastewater, and stormwater facilities would deliver better health outcomes, expand economic opportunity, and improve climate resilience in affected communities. As a legacy for this administration, lead service lines could be substantially replaced and the state could turn the corner on eliminating combined sewer systems, addressing two public health scourges that have lingered in New Jersey for far too long.

Looking to the future, the strategic investment of ARP funds could yield several different types of benefits:

- *Confront New Challenges*—Begin to address emerging drinking water contaminants (e.g., PFAs) and climate resiliency.
- *Strengthen Localities*—Arrest chronic flooding and water quality issues that cause property damage and constrain local business.
- *Efficiency*—Reduce pressure on local budgets through deep, ongoing cuts in energy and operating costs at water and wastewater plants and by studying options for utilities to

share services, implement public-to-public consolidations, and regionalize service through cooperative models.

- *Equitable*—Three appropriations are recommended to ensure a fair distribution of resources:
  - \$3.3 million to establish a “Water Assistance Corps” of DEP staff or consultants to provide technical assistance to overburdened communities and help them apply for Water Bank funding.
  - \$1.7 million for engineering/construction management staff at DEP/I-Bank to administer increased funding applications.
  - \$16 million for planning and design grants for combined sewer overflow projects in overburdened communities, half of which would be issued as principal forgiveness to fiscally-distressed cities and half as regular loans, created an ongoing funding source.
  - Finally, to help ensure that water bills are affordable for everyone, some ARP funds could be used as seed money for a Water Affordability program.

Much of the state’s water infrastructure was built over 50 years ago and, in some cases, over 150 years ago. From 1977 to 2017, federal support to ensure a state of good repair dropped from 35% to only 14% with states and localities assuming that burden. Today, over 90% of state residents believe that it should be a top priority for the Governor and Legislature to ensure that all people have safe drinking water.

Looking beyond the water sector, lead paint removal provides a similar opportunity. Lead dust and paint chips ingested by young children living in older housing stock scattered across New Jersey continues to irreversibly inflict life-long damage. A sizable investment now will pay dividends far into the future.

For most of these programs, the benefits far exceed the costs, but because benefits are spread out and costs are concentrated, the story is rarely told. Lead exposure is a prime example. One recent study concluded that for every dollar spent on controlling lead hazards, \$17 to \$221 would be returned in health benefits, increased IQ, higher lifetime earnings, tax revenue, reduced spending on special education and reduced criminal activity.<sup>1</sup>

Foremost, the state should ensure an equitable distribution of funds, prioritizing fiscally-distressed communities that are disproportionately burdened with these issues but lack the financial resources to respond. To help stretch the impact, the most generous grants could be provided to disadvantaged localities that have the biggest water problems. And state assistance should be conditioned to satisfy environmental justice goals. For example, pending legislation authorizing lead service line replacement in Illinois requires localities to eliminate any

---

<sup>1</sup> Childhood Lead Poisoning: Conservative Estimates of the Social and Economic Benefits of Lead Hazard Control, Elise Gould, Environmental Health Perspectives, March 31, 2009.

customer cost share to qualify for state assistance. This type of approach maximizes program efficiency, through the methodical replacement of lead service lines across entire neighborhoods, while ensuring that success in protecting children from lead exposure does not hinge on a family's ability to pay.

Collectively, these investments would create tens of thousands of jobs. Based on past studies, for each \$1 billion invested in water infrastructure, an estimated 13,787 jobs are created, and workers earn \$739 million, generating \$143 million in new revenue for state and local governments.<sup>2</sup>

An investment of \$1.5 to \$2 billion is recommended.

---

<sup>2</sup> [The Economic Impacts of a \\$1B Increase in NJ Drinking Water, Wastewater and Stormwater Capital Investment](#)