

STATEMENT OF FRANK DUNMIRE

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON AGRICULTURE

SUBCOMMITTEE ON RURAL DEVELOPMENT, RESEARCH, BIOTECHNOLOGY, AND FOREIGN AGRICULTURE

APRIL 25, 2012

Chairman Johnson, Ranking Member Costa and members of the subcommittee, thank you for holding today's hearing. I am Frank Dunmire, the Executive Director of the Illinois Rural Water Association. Before I get too far along in my testimony, I would like to thank Chairman Johnson for his service to Illinois. As many of you know the Chairman, while still in law school, began his career in public service by winning a seat on the Urbana City Council in 1971. In 1976 he was elected to the Illinois state legislature and served there until he was elected in 2000 to represent the 15th district here in Washington. He has been a champion of the farmers and rural communities in our state during his time in Congress and we wish him well as he leaves the House of Representatives and returns home to his family in Illinois.

The Illinois Rural Water Association is a member of the National Rural Water Association (NRWA), on whose behalf I am testifying this afternoon. NRWA represents over 28,000 small rural water systems in all 50 states through its 49 rural water association members. Of those 28,000 member systems 1,100 are located in Illinois. Every day state rural water associations are helping rural communities throughout the country learn how to properly operate, maintain, and manage their water and wastewater systems; how to best ensure compliance with the Safe Drinking Water Act; how to protect their ground and surface water sources; and when necessary responding to natural disasters. Rural Water prides itself as being an organization that helps build capacity in rural America. When a community has a problem with its water and/or wastewater system, Rural Water assists the system operators in the identification and repair of the problem. We do not do the work for the community, but we help train their operators and teach them how to do it. Last year Rural Water provided over 155,000 hours (or the equivalent of over 17 years) of onsite assistance to rural water and wastewater systems. Rural Water also provided 3,500 hours of wastewater technician classroom training to nearly 15,000 individuals.

The rural development title of the farm bill historically has not received as much focus as other policy matters such as: direct payments, crop insurance, conservation, or nutrition. However, the rural development programs authorized by this subcommittee in the farm bill will meaningfully impact the lives of millions of people – take water for example. USDA's water infrastructure and technical assistance programs are authorized in the farm bill. Everyone realizes the importance of water, but it is very easy to take for granted. It is not until you turn on the tap and nothing comes out, or your community is under a boil order, that you begin to understand how complicated life becomes without easy access to water. But the importance of access to safe, affordable, and plentiful drinking water is not only important in rural homes but also to rural businesses. Water quality and affordability are

important factors for businesses wanting to locate or remain in a rural community. Many of the businesses related to agriculture that are located in rural communities (think food processing, meat packing, biofuel production, farm services facilities) need high quality and affordable water supplies. Rural water is important to the rural economy. Many times job creation is directly tied to the availability of a good supply of potable water. An excellent example of this is located in Southwestern Illinois at the Prairie State Energy Campus. Chairman Johnson and possibly other committee members are aware that this project alone created in excess of 3000 construction jobs and will create approximately 500 permanent on-site jobs. High paying jobs I might add. In addition to those 500 jobs it is estimated that an additional 800 support sector jobs will be created as well. BUT, what most people don't know is that all of the potable water supply needs for this facility are being met by Washington County Water Company, a not-for-profit water cooperative funded through Rural Development.

Perhaps as a representative of NRWA I am a little biased, but I believe that USDA's water programs are the most important for rural communities that this subcommittee will address in the farm bill. As a lender of last resort, USDA provides critical financing for water systems that are unable to secure commercial credit. In FY2011, USDA obligated \$1.379 billion in loans and grants to 695 water and wastewater projects. Eighty-two percent of these funds were used for projects in communities with populations of 5,000 or fewer. And even though over the last 72 years USDA has made over \$30 billion in water infrastructure loans to communities that others would not, the lifetime default rate for this program is 1.02%. The metrics for this program are impressive, as are the demands for its funds. According to USDA at the end of FY2011 there were 415 completed applications for which no funding was then available. It would have required an additional \$1.5 billion dollars in loans and grants to fund these projects. There were also an additional \$3.3 billion in preliminary applications from rural communities. Many of the completed applications will be funded with FY2012 funding, but the fact remains that the backlog for loan and grant funds currently exceeds \$3 billion dollars.

In addition to infrastructure financing, the USDA's water program also provides funding for technical assistance to rural communities that meet the eligibility requirements to be a borrower from Rural Development. As I mentioned previously, as one of USDA's technical assistance providers Rural Water provided over 155,000 hours of onsite assistance to rural communities last year. This onsite assistance, provided by circuit riders and wastewater technicians (and authorized in Section 306(a)(22) and 306 (a)(14) of the Consolidated Farm and Rural Development Act, respectively) is critical to ensuring that rural communities have safe, affordable, healthy drinking water and wastewater systems. The authority for the circuit rider program expires at the end of the fiscal year. **We strongly encourage the reauthorization of the circuit rider program.**

As the committee considers whether changes to the authorizations for the rural water programs are warranted, the NRWA would urge caution. We believe the farm bill should maintain the water program's current policies: funding should be limited to rural communities who are unable to find credit elsewhere; funding should be targeted to rural communities with the greatest economic need and environmental/public health challenges; and grants should be awarded based in proportion to a community's economic need.

We are aware of discussions to expand USDA loan and grant eligibility to more populous communities. While there may be other issues within the Rural Development mission area, we believe the water program's current focus on communities with populations of 10,000 or less is working. Currently, 82% of USDA's water infrastructure funding goes to communities with populations of 5,000 or fewer, 64% goes to communities with populations of 2500 or fewer, 51% goes to communities with populations of 1500 or fewer, and 42% goes to communities with populations of 1000 or fewer. Even though funding has been awarded to the smaller and poorer communities, as I mentioned earlier, there still is \$3 billion backlog. We do not believe anything is to be gained by increasing the pool of eligible communities for water infrastructure loans and grants. In fact, we are concerned this could result in fewer loans and grants for truly needy rural communities and that the increase in applications could place a substantial burden on a shrinking Rural Development field office staff, thereby delaying all loan and grant approvals.

We are also aware of proposals that would expand water infrastructure grant eligibility for more affluent communities. Again, we support the policies underlying the water program and believe the current grant limitations are working.

Mr. Chairman, and Ranking Member Costa, this concludes my testimony. I appreciate the opportunity to appear before you this afternoon. I wish you luck in the days and weeks ahead as the committee develops a new farm bill. I would be happy to answer any questions you may have. Thank you.

Frank R. Dunmire

Experience

2004 - Present **Illinois Rural Water Assoc. Taylorville, IL**
Executive Director

- Oversee 11 staff people.
- Prepare and oversee \$1.2 million budget.
- Interact with both State and Federal Legislators to assure regulations affecting water and wastewater fields are fair, equitable and affordable.

1983–2004 **City of Macon** **Macon, IL**
Superintendent of Public Works

- Supervised the design and construction of a \$600,000 community center.
- Supervised the design and construction of a \$1,000,000 water treatment plant.
- Recommended and negotiated a contract to sell water to a neighboring village, increasing the potential sales by approximately 20%.
- Wrote and administered several grants.
- Closely monitored budgets, ensuring revenues exceeded expenses.
- Supervised 4 full time and 8 part time employees.
- Obtained Class A water and Class IV wastewater certifications.

1977 – 1983 **Decatur-Danville Scale Co.** **Macon, IL**
Scale Technician

- Installed and maintained scales.

Education

- 1975 – Graduated from Susquehannock High School, Glen Rock, PA.
- 1975 – 1976 Attended Penn State – York Campus, York, PA.
- Numerous night classes through Richland Community College with an emphasis on accounting and business administration.
- Throughout 25 plus years in the water and wastewater fields I have attended countless “short schools” on many subjects to gain a well-rounded knowledge of all areas of water, wastewater and municipal operations.

Interests

IRWA, carpentry, wine making, computers, and volunteer work.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2009.

Name: Frank Dunmire

Organization you represent (if any): National Rural Water Association

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2009, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2009, as well as the source and the amount of each grant or contract:

Source: Please see attachment Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: _____

Signature: 

* Rule XI, clause 2(g)(5) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

Source	Amount
USDA/RUS Training & Technical Assistance – 8/1/10-7/31/11	10,500,000
USDA/RUS Training & Technical Assistance – 8/1/11-7/31/12	9,800,000
USDA/RUS Circuit Rider Program – 11/1/09-10/31/10	14,347,013
USDA/RUS Circuit Rider Program – 11/1/10-10/31/11	14,394,466
USDA/RUS Circuit Rider Program – 11/1/11-10/31/12	14,803,749
USDA/FSA Source Water Program – 4/1/10-3/31/11	5,000,000
USDA/FSA Source Water Program - 4/1/11-3/31/12	4,241,500
USDA/FSA Source Water Program – 4/1/12-3/31/13	3,817,000
USDA/RUS Revolving Loan Program – 10/1/10-9/30/11	248,500
USDA/RUS Revolving Loan Program – 10/1/11-9/30/12	248,500
EPA Training & Technical Assistance – 10/1/2009-8/31/10	11,500,000
EPA Training & Technical Assistance – 9/1/10-9/30/11	13,000,000