

water, can seriously affect the quantity of water available for urban use. Cities and suburbs also derive indirect benefits from Federal river basin projects. Flood protection, navigation improvements, and inexpensive hydroelectric power are extremely important to metropolitan areas located in the river basins where Federal water agencies have been active.

SEWAGE TREATMENT GRANTS

The most important Federal urban water activity is financial aid for local sewage treatment plant construction. During the 1930's, Federal public works programs played a key role in maintaining an adequate level of sewage treatment facility construction. A Federal Water Pollution Control Act was placed on the books in 1948 providing for, among other things, a Federal program of research, technical assistance, grants to the States for industrial waste control, and low-interest construction loans. Although authority for sewage treatment works construction loans was authorized at that time, no funds were appropriated by Congress. After a number of years of effort, the tremendous lag in sewage treatment investment led Congress to enact the Water Pollution Control Act of 1956. Grants of \$50 million a year for 10 years were authorized to assist cities in the construction of sewage treatment plants. Half the authorization was reserved for communities with populations of 125,000 or less.

Maximum Federal participation in any project was limited to \$250,000 or 30 percent of construction costs, whichever was smaller. Federal funds are allocated through the States. Generally the State's share has been allocated to local governments by the water pollution control agency or State health department on the basis of a formula reflecting both financial needs and the severity of the local pollution situation.

Federal grant appropriations under the 1956 law provided significant incentives for communities to step up their investments in sewage treatment facilities. During the 5 years preceding passage of the bill, the contract awards for sewage treatment plant construction averaged \$222 million. In the 4 years following enactment, construction contract awards showed an average increase of 62 percent, amounting to almost \$360 million per year. Thirty-five States reached their highest treatment plant construction levels in the first 2 years of the program.¹⁷ By mid-1961, 2,700 sewage treatment projects costing a total of \$1.3 billion and serving 27 million people had received Federal assistance. The total Federal contribution was \$225 million; thus each Federal dollar was matched by \$4.80 in local funds.¹⁸

Experience to date with the grant program refutes the frequent contention that Federal assistance stifles local and State initiative. The evidence is clear that Federal grants have spurred local activity. There is little indication that the States as a whole had the willingness or the resources to provide similar inducement. Moreover, the vast majority of State health and water pollution control agencies vigorously support this Federal activity. Finally, rather than serving to stifle State initiative, the Federal grant program has led to the

¹⁷ U.S. Congress, House of Representatives, Committee on Public Works, *Federal Water Pollution Control Hearings*, 87th Cong., 1st sess., 1961, pp. 12-13.

¹⁸ Cohen and Sonosky, *op. cit.*, p. 109.