

One can readily see that to implement the water quality standards program on the basis of the schedules contained in the State standards which have been approved, there is an urgent need to provide adequate funds to finance the municipal construction phase of the standards program. The Water Quality Improvement Act of 1968 is the cornerstone of this program.

In enacting the Clean Water Restoration Act of 1966, Congress unanimously authorized \$3.4 billion for grants for municipal wastewater treatment plants for fiscal years 1968-71. The sum of \$203 million was appropriated for this fiscal year, the fiscal year we are in right now compared with an authorization of \$450 million.

In other words, we fell substantially short.

The President's budget for the next fiscal year contains \$225 million, compared to \$700 million which this committee authorized in the 1966 legislation.

We were confronted, Mr. Chairman, with this as a major problem last year. Many of the Governors, many of the mayors are saying, and quite frankly I cannot blame them, that, Well, we are working on water quality standards, we are getting ready to go, but the Federal Government isn't getting its money on the line. And this loomed up as a major roadblock to action.

I will give you an example. We had, I think, one of our most highly successful enforcement conferences 2 months ago on Lake Michigan. The four States that share Lake Michigan as a resource all came in. They were all cooperative. Most of the Governors spoke up, and the only main complaint at us was that, Where is the Federal Government's money to meet the schedules that were set out in the 1966 act?

Now, we attacked this as our main problem in this area. Last year we studied this problem all fall with the Bureau of the Budget people with the Department of the Treasury, and the legislation that you have pending before you today is the result of our effort to devise a budget with all the severe budgetary stringencies that we have, to get the action level moved up to that contemplated by the Congress in the 1966 act.

Of course we were confronted with the fact that because of budgetary stringencies we could not get the additional funds that would be required for cash grants, and this program, the Federal water pollution control program, has always been a program where the Federal Government put cash on the line for its share of a municipal wastewater treatment plant.

Of course the one obvious method that we could use is the same method that some of the States are using—in fact the localities and the States have both gone to the bonding approach in terms of building this kind of public works. So we naturally looked at several alternatives with regard to having the Federal Government put its full faith and credit back of the municipal bonds for us to sign up firm and binding contracts that will enable them to get a lower interest rate on bonds, and for us then to pay the interest and principal as it comes due each year, whether this is 20 years, 25 years, or 30 years. We would sign up firm contracts. And this is the way we could get the Federal Government's commitment on the line and get these projects moving.

So let me discuss specifically the provisions of this bill, having outlined the background.