



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

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# North Carolina's Water and Wastewater Infrastructure Funding Lacks Strategic Focus and Coordination

## Summary

The North Carolina General Assembly's Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to evaluate water and wastewater infrastructure funding to determine the effectiveness of the current allocation system and to identify funding alternatives for infrastructure improvements.

Funding for water and wastewater infrastructure in North Carolina is provided by six state funding entities; each operates independently with its own mission, goals, and objectives. The General Assembly created the State Water Infrastructure Commission in 2005 to identify the state's water infrastructure needs, develop a plan to meet those needs, and monitor the implementation of the plan, but the commission has fallen short of achieving its mission because it does not have the necessary authority or resources.

Without an effective oversight agency or comprehensive strategic plan in place to coordinate activities among six funding entities, water and wastewater funding is provided in a complex and fragmented manner. This evaluation identified three central problems with this arrangement. First, each entity has its own enabling legislation, funding application, and review process, resulting in a burdensome process for communities seeking funding. Second, funding entities collect and report funding information separately. As a result, there are no systematic data to provide an assessment of state investments across entities, to determine whether the state's needs are being met, and to prioritize North Carolina's water and wastewater infrastructure needs. Finally, state funding for projects is skewed in the direction of grants rather than loans, which limits the state's ability to optimize scarce state dollars.

The General Assembly should consider

- directing the State Water Infrastructure Commission to develop a statewide strategic plan and needs assessment for water and wastewater infrastructure funding by May 1, 2010;
- requiring better oversight of water and wastewater funding by either authorizing the State Water Infrastructure Commission to coordinate and oversee the system or by establishing a single water and wastewater authority; and
- using state loan programs and relying less on grants when determining state appropriations for water and wastewater infrastructure.