

✘ [The AP reports today that California has failed to spend \\$455 million of federal money for improving the state's water infrastructure](#), even though many of the state's communities suffer from unclean water.

The state has received more than \$1.5 billion for its Safe Drinking Water State Revolving Fund over the past 15 years, but has failed to spend a large part of it in a timely manner, according to a noncompliance letter from the U.S. [Environmental Protection Agency](#) to the state's public health department. The amount is the program's largest unspent sum in the nation, the EPA said.

The fund gives out loans to public and private water systems for drinking water infrastructure improvements, including treatment facilities, pipelines and other projects. California gets an estimated \$80 million in federal money annually for the fund. The state provides a 20 percent match and manages the loan repayments which helps replenish the fund.

"It's really unacceptable," EPA's regional administrator, Jared Blumenfeld, said of the unspent funds. "It's not like there is a lack of projects. It's a lot of money in this day and age."

Okay, that's really bad. It's a deserved black eye for the state and its regulatory agencies.

And yet, the AP really buried the lede. The story's last paragraph reads:

According to federal regulators, California needs \$39 billion in capital improvements through 2026 for water systems to continue providing safe drinking water to the public. That includes both updating old infrastructure and building new infrastructure to deal with water contamination problems.

Got that? It's \$455 million out of \$39 **billion** needed. It's a little more than 1% of what the state needs. The danger of exposes like this is that they really miss the overall story, and feed into a dangerous narrative that "if only the government weren't so inefficient, we'd have plenty of money for what we want." It is fodder for unscrupulous or ignorant politicians who claim that they can make up budget shortfalls by eliminating "waste, fraud, and abuse."

It reminds me of the “scandal” [I blogged about last year](#) when everyone went crazy upon discovering that the California State Parks Department was missing \$54 million in funds. Meanwhile, the backlog of needed improvements in the system is \$1.3 billion.

Obviously, government must spend public funds wisely. And obviously, if there are bureaucratic or (as appears to be the case here) political hurdles to efficient spending of these funds, they should be identified. But it is really missing the issue. Neither alleged “scandal” found that the departments in questions were incapable of spending money efficiently; it’s just that they had made errors. They should be criticized and if necessary, punished for it. But let’s keep in mind what the real scandal is: the state and the nation is suffering from a massive shortage of public investment necessary for public health and safety, and the press is focused on the capillary.