



December 14, 2023

The Honorable Kay Granger  
U.S. House Committee on Appropriations  
H-307 The Capitol  
Washington, D.C. 20515

The Honorable Patty Murray, Chair  
U.S. Senate Appropriations Committee  
Room S-128, The Capitol  
Washington, D.C. 20510

The Honorable Rosa L. DeLauro, Chair  
U.S. House Committee on Appropriations  
H-307 The Capitol  
Washington, D.C. 20515

The Honorable Susan Collins, Vice Chair  
U.S. Senate Appropriations Committee  
Room S-128, The Capitol  
Washington, D.C. 20510

Re: 2025 Fiscal Year Appropriations for the Clean Water and Drinking Water State Revolving Funds.

Dear Chairs Granger and Murray, Ranking Member DeLauro and Vice Chair Collins:

As you finalize appropriations for the Clean Water and Drinking Water State Revolving Funds (SRFs) for fiscal year 2025, please consider these recommendations from the Council of Infrastructure Financing Authorities, a national not-for-profit organization of the SRFs.

**Recommendation: Fund the Clean Water and Drinking Water SRFs at congressional authorizations, \$3 billion each.**

The demand for SRF subsidized loans has increased exponentially over the last five years as the cost of water infrastructure continues to skyrocket, increasing by as much as 40% or more between budgeting and bidding. Higher costs for planning, design and construction are compounded by higher costs for financing from rising interest rates in the municipal market.

Fully funding the SRFs will provide more communities with access to affordable financing for water infrastructure that protects public health. Draconian cuts to annual funding for the SRFs will delay investment in water infrastructure, which increases the risk of preventable diseases from contaminated water, poor water quality and water scarcity. Lack of low-cost financing for water infrastructure also exacerbates the affordability of water bills, which disproportionately impacts households in small, rural communities and pockets of poverty in urban centers.

**Recommendation: Fund Community Funded Projects / Congressionally Directed Spending in addition to, instead of in lieu of, the SRFs.**

Over the last two years, Congress has diverted more than \$2.3 billion in annual federal funding for the SRFs to pay for congressional earmarks. Cuts to annual funding directly impact an SRFs ability to:

- Maintain low interest rates on SRF subsidized loans to ensure financing remains affordable.
- Provide principal forgiveness and grants to communities that can't otherwise afford to build the water infrastructure needed to protect public health.
- Issue bonds to leverage their programs to meet a higher demand for financing.
- Supplement state and local water quality programs that protect water quality and train staff at local water utilities.
- Provide technical assistance to help small and rural communities comply with water quality standards, build physical and operational resiliency, and develop water infrastructure projects.
- Build a permanent pool of loan repayments that can provide affordable financing for water infrastructure projects in the future.

**Recommendation: Require recipients of congressional earmarks to apply for federal funding within six months of the appropriation and release any untapped federal funding back to the SRFs after the deadline.**

As of October, the U.S. Environmental Protection Agency (EPA) had only awarded 134 of nearly 1200 congressional earmarks appropriated in fiscal years 2022 and 2023. The slow pace of applications and awards means more than \$2 billion in federal funding for water infrastructure has been sitting in the U.S. Treasury for as long as two years. Adopting measures to accelerate the disbursement of federal funding into communities is essential for protecting public health.

**Recommendation: Waive domestic procurement requirements for construction materials and manufactured products in Build America, Buy America Act (BABAA) for all federally funded water infrastructure projects that initiated design planning before the effective date of the law.**

Providing safe harbor for water infrastructure projects during the early years of implementation is essential for the long-term success of BABAA. While EPA initially waived BABAA requirements for construction materials and manufactured products for water infrastructure projects that initiated design planning before the effective date of the law, the agency recently revoked the waiver for water infrastructure projects that receive federal funding after fiscal year 2024.

Without relief from these new domestic procurement requirements, communities that have engineering or construction underway may be forced to return to the planning phase or abandon federal funding, including congressional earmarks and low-cost SRF financing. Changing engineering plans or securing new financing will likely delay construction and add

costs to these water infrastructure projects, which ultimately increases the risk to public health and the affordability of water bills.

Fully funding the SRFs and implementing common sense reforms will increase protection for public health. Thank you for your consideration. Please contact Deirdre Finn, [dfinn@cifanet.org](mailto:dfinn@cifanet.org), with questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Walker', with a stylized flourish at the end.

Jeff Walker  
CIFA President

### **About CIFA**

CIFA is a national not-for-profit organization that represents the Clean Water and Drinking Water State Revolving Funds (SRFs), the nation's premier programs for funding water infrastructure that protects public health and the environment.

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