



July 25, 2023

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

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

Re: 2024 Federal Funding for the Clean Water and Drinking Water State Revolving Funds (SRFs)

Dear Chair Murray and Vice Chair Collins,

The Council of Infrastructure Financing Authorities (CIFA), which represents the Clean Water and Drinking Water State Revolving Funds (SRFs), respectfully requests \$3 billion in federal funding for each SRF for fiscal year 2024, the full authorization established by the Infrastructure Investment and Jobs Act of 2021 (IIJA). CIFA also requests that congressional earmarks be funded in addition to, rather than, in lieu of, SRF state water infrastructure projects.

**Congress is jeopardizing protection for public health and the environment.**

More than three decades ago, Congress established the SRFs as federally subsidized, state-run loan programs. Because of Congress' fiscally responsible leadership, SRFs are funding water infrastructure projects today that may never have been built without a steady and growing stream of repayments from subsidized loans.

SRF subsidized loans provide immediate and lasting benefits. In the short-term, federal funding allows the SRFs to provide utilities with affordable financing for water infrastructure projects, especially in small, rural and disadvantaged communities that can't qualify for financing in the private sector or municipal bond market. In the long-term, federal funding allows the SRFs to build a permanent source of recurring revenue to meet the never-ending need to replace, repair and rehabilitate the nation's aging water infrastructure.

However, over the last two years, Congress has diverted \$2.3 billion from the SRFs to pay for congressional earmarks. The proposed U.S. House of Representatives 2024 budget makes even deeper cuts in recurring revenue by diverting \$880 million, 88% of annual federal funding, from SRF subsidized loans to one-time grants. If enacted, federal funding for the SRFs would be cut by 96% from 2021 pre-earmark levels. (Estimated funding by state provided in Appendix A.)

Congress is essentially replacing the fiscally responsible, federally subsidized SRF loan programs with a massive new federal grant program for water infrastructure projects that are selected behind closed doors without any transparency or accountability to the taxpayers. Instead of incentivizing responsible, sustained investment in this critical public health infrastructure, Congress is creating a lottery-like atmosphere that disrupts and delays decisions on financing capital improvement projects in the hopes of "winning" a congressional earmark.

If Congress continues to cut annual federal funding for the SRFs, states will need to begin shrinking their project pipelines to prepare for the end of IJIA funding in three years, which is the general timeframe for developing an SRF project from concept to construction.

**Congress has been eroding the lending power of the SRFs for more than a decade.**

Congress has diminished the sustainability of the SRFs by mandating that a growing percentage of federal funding be provided as grants or grant-equivalents, instead of subsidized loans. These federal mandates have permanently reduced revenue from loan repayments to fund future water infrastructure projects.

- More than a decade ago, Congress began mandating that SRFs give away a portion of annual federal funding as grants or grant-equivalents, regardless of need.
  - In 2023, the Clean Water SRFs are required to provide at least 20% of annual federal funding as grants or grant-equivalents; Drinking Water SRFs are required to provide at least 26% of annual federal funding as grants or grant-equivalents.
- Over the last ten years, Congress has heaped multiple federal mandates on water infrastructure projects financed by SRF subsidized loans, fueling the demand for grants and grant-equivalents to pay for the additional cost of construction, administration and compliance.
- Congress continued this trend with the IJIA which requires 49% of one-time appropriations for the base program to be provided as grants or grant-equivalents.
- Since 2022, Congress has diverted \$2.3 billion of annual federal funding from SRFs to provide grants for congressional earmarks, a significant loss of revolving loan funds that will have a permanent, irreversible impact on the ability of SRFs to finance water infrastructure projects in the future.
- The House's proposed 2024 budget diverts \$880 million, an unprecedented 88% of annual federal funding, from SRF subsidized loans to pay for 767 hand-picked congressional earmarks, which cuts federal funding for the SRFs by 96% compared to 2021 pre-earmark appropriations.

Cuts to annual federal funding, combined with federal mandates for grants and grant-equivalents, have a cascading effect on the SRFs, which limits their ability to:

- issue bonds for state match or to finance more water infrastructure projects,
- provide technical assistance to help small, rural and disadvantaged communities, and
- supplement state and local drinking water programs.

**The IJIA doesn't offset cuts to annual federal funding for the SRFs.**

While the IJIA provides a one-time boost to federal funding for the SRFs, nearly half of the funding – \$20 billion of \$43 billion – can't be used to replace, repair or rehabilitate aging infrastructure. This restricted federal funding can't be used to replace a busted water main, even one made of lead! Because of these restrictions, some states are being forced to decline federal funding from IJIA.

Of the \$23 billion available to address aging infrastructure, nearly half can't be used for subsidized loans, which is a lost opportunity for building a recurring stream of revenue from loan repayments to fund future water infrastructure projects.

**Please increase and stabilize federal funding for the Clean Water and Drinking Water SRFs.**

Increased federal funding for the SRFs is needed to reduce the legacy gap in capital investment in water infrastructure, which is expected to grow to \$434 billion by 2029 according to the American Society of Civil Engineers (ASCE). Increased federal funding for the SRFs is also needed to provide utilities with an affordable alternative to the municipal bond market for financing infrastructure to comply with increasingly rigorous water quality for per- and polyfluoroalkyl substances (PFAS), lead and copper.

In the long-term, prioritizing federal funding for subsidized loans over one-time grants provides a fiscally responsible approach for financing water infrastructure. Every federal dollar dedicated to a subsidized loan will be used over-and-over to replace, repair and rehabilitate aging water infrastructure projects across the nation for future generations.

Providing safe drinking water and improving water quality is one of the greatest public health achievements of the 20<sup>th</sup> century. Restoring federal funding, fiscal responsibility and financial integrity to the SRFs will ensure America keeps its promise to safe, clean water in the 21<sup>st</sup> century.

Thank you for your consideration. Please contact Deirdre Finn, [dfinn@cifanet.org](mailto:dfinn@cifanet.org) or (850) 445-9619, with any questions or for more information.

Sincerely,



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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## Appendix A

### 2024 House Budget Makes Draconian Cuts in Federal Funding for the Clean Water SRFs

State	2021	2022	2023	2024 <sup>1</sup>
<b>Federal Funding</b>	<b>\$1,557,023,000</b>	<b>\$1,134,023,000</b>	<b>\$735,187,000</b>	<b>\$62,057,091</b>
<b>Cuts from 2021</b>		<b>Cut by 27%</b>	<b>Cut by 53%</b>	<b>Cut by 96%</b>
Alabama	17,767,000	12,938,000	8,388,000	707,522
Alaska	9,506,000	6,925,000	4,490,000	378,586
Arizona	10,732,000	7,815,000	5,067,000	428,237
Arkansas	10,394,000	7,570,000	4,907,000	415,824
California	113,637,000	82,753,000	53,649,000	4,530,621
Colorado	12,710,000	9,256,000	6,000,000	508,919
Connecticut	19,465,000	14,175,000	9,189,000	775,791
Delaware	7,779,000	5,681,000	3,683,000	310,316
Florida	53,633,000	39,057,000	25,320,000	2,134,977
Georgia	26,865,000	19,563,000	12,683,000	1,073,695
Hawaii	12,306,000	8,961,000	5,809,000	490,300
Idaho	7,779,000	5,681,000	3,683,000	310,316
Illinois	71,861,000	52,330,000	33,926,000	2,861,118
Indiana	38,292,000	27,885,000	18,078,000	1,526,757
Iowa	21,505,000	15,660,000	10,152,000	856,473
Kansas	14,342,000	10,444,000	6,771,000	570,982
Kentucky	20,223,000	14,726,000	9,548,000	806,823
Louisiana	17,467,000	12,720,000	8,246,000	695,109
Maine	12,300,000	8,957,000	5,806,000	490,300
Maryland	38,429,000	27,985,000	18,143,000	1,532,963
Massachusetts	53,946,000	39,285,000	25,469,000	2,147,390
Michigan	68,320,000	49,751,000	32,254,000	2,724,579

<sup>1</sup> 2024 estimated allotment based on statutory formula. Includes estimated allotment for Tribes and deduction of \$1.5 million for the Clean Watershed Needs Survey. Does not include state allotment for state 604(b) grants and deduction for EPA administration of American Iron and Steel mandates. All states receive a minimum of .5%.

Minnesota	29,204,000	21,267,000	13,788,000	1,166,790
Mississippi	14,315,000	10,425,000	6,759,000	570,982
Missouri	44,047,000	32,076,000	20,795,000	1,756,391
Montana	7,779,000	5,681,000	3,683,000	310,316
Nebraska	8,109,000	5,918,000	3,837,000	322,729
Nevada	7,779,000	5,681,000	3,683,000	310,316
New Hampshire	15,879,000	11,563,000	7,496,000	633,046
New Jersey	64,929,000	47,282,000	30,653,000	2,588,039
New Mexico	7,779,000	5,681,000	3,683,000	310,316
New York	175,375,000	127,710,000	82,792,000	6,988,327
North Carolina	28,676,000	20,882,000	13,538,000	1,141,965
North Dakota	7,779,000	5,681,000	3,683,000	310,316
Ohio	89,448,000	65,138,000	42,229,000	3,562,433
Oklahoma	12,837,000	9,349,000	6,061,000	508,919
Oregon	17,949,000	13,071,000	8,473,000	713,728
Pennsylvania	62,939,000	45,833,000	29,714,000	2,507,357
Puerto Rico	20,724,000	15,092,000	9,784,000	825,442
Rhode Island	10,669,000	7,770,000	5,037,000	428,237
South Carolina	16,278,000	11,853,000	7,684,000	651,665
South Dakota	7,779,000	5,681,000	3,683,000	310,316
Tennessee	23,082,000	16,808,000	10,897,000	918,537
Texas	72,622,000	52,885,000	34,286,000	2,892,150
Utah	8,357,000	6,096,000	3,952,000	335,142
Vermont	7,779,000	5,681,000	3,683,000	310,316
Virginia	32,518,000	23,680,000	15,352,000	1,297,123
Washington	27,631,000	20,122,000	13,045,000	1,098,520
West Virginia	24,769,000	18,037,000	11,694,000	986,806
Wisconsin	42,955,000	31,281,000	20,279,000	1,712,947
Wyoming	7,779,000	5,681,000	3,683,000	310,316

### 2024 House Budget Makes Draconian Cuts in Federal Funding for the Drinking Water SRFs

State	2021	2022	2023	2024 <sup>2</sup>
<b>Federal Funding</b>	<b>1,073,505,000</b>	<b>683,237,000</b>	<b>481,440,000</b>	<b>36,611,792</b>
<b>Cuts from 2021</b>		<b>Cut by 36%</b>	<b>Cut by 55%</b>	<b>Cut by 97%</b>
Alabama	23,714,000	15,106,000	8,719,000	664,577
Alaska	11,001,000	7,008,000	4,938,000	375,467
Arizona	19,784,000	12,603,000	8,638,000	657,067
Arkansas	16,551,000	10,543,000	5,912,000	450,560
California	97,047,000	61,819,000	53,272,000	4,051,289
Colorado	21,735,000	13,846,000	8,650,000	657,067

<sup>2</sup> 2024 estimated allotment based on the 7<sup>th</sup> Drinking Water Needs Survey. 2021 allotment based on the 6<sup>th</sup> Drinking Water Needs Survey. Includes estimated allotment for Tribes and deduction of \$12 million for monitoring of unregulated contaminants. Does not include deduction for EPA administration of American Iron and Steel mandates. All states receive a minimum of 1%.

Connecticut	11,001,000	7,008,000	4,938,000	375,467
Delaware	11,001,000	7,008,000	4,938,000	375,467
Florida	43,304,000	27,585,000	17,820,000	1,355,436
Georgia	26,865,000	16,513,000	13,389,000	1,017,516
Hawaii	11,001,000	7,008,000	4,938,000	375,467
Idaho	11,001,000	7,008,000	4,938,000	375,467
Illinois	41,505,000	26,439,000	14,985,000	1,137,665
Indiana	16,815,000	10,711,000	8,473,000	645,803
Iowa	17,427,000	11,101,000	7,424,000	563,201
Kansas	12,763,000	8,130,000	5,507,000	420,523
Kentucky	18,127,000	11,547,000	6,012,000	458,070
Louisiana	16,465,000	10,489,000	6,741,000	514,390
Maine	11,001,000	7,008,000	4,938,000	375,467
Maryland	20,152,000	12,837,000	10,260,000	780,971
Massachusetts	25,526,000	16,260,000	10,602,000	807,254
Michigan	27,004,000	17,202,000	11,267,000	856,065
Minnesota	16,792,000	10,697,000	7,470,000	566,955
Mississippi	11,842,000	7,544,000	6,184,000	469,334
Missouri	19,394,000	12,354,000	8,039,000	612,011
Montana	11,001,000	7,008,000	4,938,000	375,467
Nebraska	11,001,000	7,008,000	4,938,000	375,467
Nevada	12,752,000	8,123,000	5,120,000	390,486
New Hampshire	11,001,000	7,008,000	4,938,000	375,467
New Jersey	18,775,000	11,960,000	8,766,000	668,331
New Mexico	11,001,000	7,008,000	4,938,000	375,467
New York	44,926,000	28,618,000	23,065,000	1,753,431
North Carolina	33,782,000	21,520,000	13,607,000	1,036,289
North Dakota	11,001,000	7,008,000	4,938,000	375,467
Ohio	27,666,000	17,624,000	11,151,000	848,556
Oklahoma	15,596,000	9,935,000	7,177,000	544,427
Oregon	14,474,000	9,220,000	7,428,000	563,201
Pennsylvania	33,873,000	21,577,000	16,290,000	1,239,041
Puerto Rico	11,001,000	7,008,000	4,938,000	375,467
Rhode Island	11,001,000	7,008,000	4,938,000	375,467
South Carolina	14,247,000	9,075,000	6,172,000	469,334
South Dakota	11,001,000	7,008,000	4,938,000	375,467
Tennessee	19,108,000	12,172,000	8,312,000	630,785
Texas	86,202,000	54,911,000	39,369,000	2,992,472
Utah	11,001,000	7,008,000	4,938,000	375,467
Vermont	11,001,000	7,008,000	4,938,000	375,467
Virginia	17,949,000	11,434,000	6,973,000	529,409
Washington	24,576,000	15,655,000	11,307,000	859,820
West Virginia	11,001,000	7,008,000	4,938,000	375,467
Wisconsin	18,749,000	11,943,000	8,455,000	642,049
Wyoming	11,001,000	7,008,000	4,938,000	375,467