



July 17, 2023

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

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

Dear Chair Granger,

The Council of Infrastructure Financing Authorities (CIFA), which represents the Clean Water and Drinking Water State Revolving Funds (SRFs), respectfully requests reconsideration of the U.S. House of Representative's (House) proposed 2024 appropriation for the SRFs, the state-run, subsidized loan programs that fund thousands of drinking water, wastewater and stormwater infrastructure projects every year.

Congress is jeopardizing its commitment to fiscal responsibility.

More than three decades ago, Congress established the SRFs as federally subsidized, state-run loan programs. In the short-term, federal funding allows the SRFs to provide utilities with affordable financing for water infrastructure projects that protect public health and the environment. In the long-term, federal funding allows the SRFs to build a permanent source of recurring revenue to meet the never-ending need to rehabilitate and replace aging water infrastructure. Because of Congress' fiscally responsible leadership, SRFs are funding water infrastructure projects today that would never have been built without a steady and growing stream of loan repayments.

However, the 118th Congress has chosen to replace these fiscally responsible federally subsidized 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.

Congress has been eroding the lending power of the SRFs for years.

- 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.
 - This mandate remains in the current appropriations bill despite repeated requests by the SRFs to eliminate it.

- Congress then heaped multiple federal mandates on water infrastructure projects financed by SRF loans, which fueled demand for grants and grant-equivalents to pay for the additional cost of construction and compliance.
- Congress continued this trend with the Infrastructure Investment and Jobs Act (IIJA) of 2021 which requires 49% of one-time appropriations and 22% of annual federal funding to be given away as grant and grant-equivalents.
- Congress' latest funding decisions may be the death knell for the fiscally responsible SRFs. 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 projects in the future.
- The House's proposed 2024 budget cuts funding by 94% compared to pre-earmark 2021 appropriations and diverts \$880 million, an unprecedented 88% of annual federal funding, from SRF subsidized loans to pay for 789 hand-picked congressional projects.
- In fact, Congress is giving more money to some congressional earmarks than to entire states. See estimated allotments in Appendix A, page 5.
 - Congress is giving \$5,000,543 to one clean water project in the City of Rexburg, Idaho – more money than total Clean Water SRF funding in 49 states.
 - Congress is giving \$5 million to one drinking water project in the City of Oakridge, Tennessee – more money than total Drinking Water SRF funding in 49 states.

CIFA offers stop-gap measures to mitigate draconian cuts to the SRFs.

Please reconsider the proposed alternative funding source offered by the Texas Water Development Board earlier this year. The proposal is supported by the SRFs as a short-term, stop-gap measure to ensure projects in the current SRF pipelines receive funding. See Appendix B, page 8, for more details.

- Rescind \$1 billion in appropriations for fiscal year 2024 for an EPA grant program to address emerging contaminants under subsections (a) through (i) of section 1459A of the Safe Drinking Water Act (42 U.S.C. 300j-19a).
 - All projects funded by this program are eligible under the SRFs.
 - Program is implemented by states, often by the SRFs.
- Reappropriate this funding to pay for congressional earmarks and mitigate significant cuts to annual federal funding for the SRFs in fiscal year 2024.

Please also consider repurposing funding for the following programs in the proposed budget. These programs were selected because they met one or more of the following criteria: 1) are water infrastructure funding programs, 2) are grant programs, 3) are implemented by the state, and/or 4) fund projects that are also eligible for the SRFs.

- \$50 million for the [Sewer Overflow and Stormwater Reuse Municipal Grants](#); Section 220 of the Federal Water Pollution Control Act (33 U.S.C. 1301).
 - Projects are eligible for the SRFs.
 - Program is implemented by the states, often by the SRFs.

- \$25 million for the [WIIN Grant: Reducing lead in Drinking Water](#); Section 1459B of the Safe Drinking Water Act (42 U.S.C. 300j–19b).
 - Projects are eligible for the SRFs.
 - Program is implemented by the states, often by the SRFs.
 - The IJA provides \$15 billion to the SRFs specifically to replace lead service lines.
- \$7 million for the [WIIN Grant: Small, Underserved and Disadvantaged Communities Grant Program](#); Section 1459A(l) of the Safe Drinking Water Act (42 U.S.C. 300j–19a(l)).
 - Projects are eligible for the SRFs.
 - Program is implemented by the states, often by the SRFs.
 - SRFs have the flexibility to provide grants and grant-equivalents to help disadvantaged communities.
 - 70% of SRF subsidized loans fund projects in small, rural and disadvantaged communities.
- \$5 million for the Midsize and Large Drinking Water System Infrastructure Resilience and Sustainability Program; Section 1459F of the Safe Drinking Water Act (42 U.S.C. 300j–19g).
 - Projects are eligible for the SRFs.
- \$5 million for grants to build and refurbish individual household decentralized wastewater systems for individuals with low or moderate income. Section 226 of the Federal Water Pollution Control Act (33 U.S.C. 1302d).
 - Projects are eligible for the SRFs.
- \$3 million for grants to pay for individual homeowners to connect to publicly owned treatment works; Section 227 of the Federal Water Pollution Control Act (33 U.S.C. 1302e).
 - Projects are eligible for the SRFs.

Please restore fiscal responsibility to federal funding for water infrastructure.

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

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

Sincerely,



Jeff Walker
CIFA President

cc: The Honorable Rosa DeLauro

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: Pages 5-7

Appendix B: Page 8

Appendix A

Estimated Allotment based on the House 2024 Budget

Clean Water State Revolving Funds

Allotments are based on a statutory formula.

Funding for projects will be reduced after 604(b) grants are deducted.

State	Funding
Alabama	\$ 707,300
Alaska	\$ 378,467
Arizona	\$ 428,102
Arkansas	\$ 415,694
California	\$ 4,529,200
Colorado	\$ 508,759
Connecticut	\$ 775,548
Delaware	\$ 310,219
Florida	\$ 2,134,308
Georgia	\$ 1,073,358
Hawaii	\$ 490,146
Idaho	\$ 310,219
Illinois	\$ 2,860,221
Indiana	\$ 1,526,278
Iowa	\$ 856,205
Kansas	\$ 570,803
Kentucky	\$ 806,570
Louisiana	\$ 694,891
Maine	\$ 490,146
Maryland	\$ 1,532,483
Massachusetts	\$ 2,146,717
Michigan	\$ 2,723,725
Minnesota	\$ 1,166,424
Mississippi	\$ 570,803
Missouri	\$ 1,755,841
Montana	\$ 310,219
Nebraska	\$ 322,628
Nevada	\$ 310,219
New Hampshire	\$ 632,847
New Jersey	\$ 2,587,228
New Mexico	\$ 310,219
New York	\$ 6,986,136
North Carolina	\$ 1,141,607
North Dakota	\$ 310,219
Ohio	\$ 3,561,316
Oklahoma	\$ 508,759

Oregon	\$	713,504
Pennsylvania	\$	2,506,571
Puerto Rico	\$	825,183
Rhode Island	\$	428,102
South Carolina	\$	651,460
South Dakota	\$	310,219
Tennessee	\$	918,249
Texas	\$	2,891,243
Utah	\$	335,037
Vermont	\$	310,219
Virginia	\$	1,296,716
Washington	\$	1,098,176
West Virginia	\$	986,497
Wisconsin	\$	1,712,410
Wyoming	\$	310,219
District of Columbia	\$	324,303
American Samoa	\$	356,733
Guam	\$	259,442
Northern Marianas	\$	168,637
Virgin Islands	\$	207,554
Clean Watershed Needs Survey	\$	1,500,000
America Iron and Steel		Unknown

Drinking Water State Revolving Funds

Allotments are based on the 7th Drinking Water Needs Survey, a quadrennial assessment of needs by state. 2023 is the first year of the allotment based on this most recent survey.

State		Funding
Alabama	\$	890,332
Alaska	\$	503,012
Arizona	\$	880,271
Arkansas	\$	603,615
California	\$	5,427,502
Colorado	\$	880,271
Connecticut	\$	503,012
Delaware	\$	503,012
Florida	\$	1,815,874
Georgia	\$	1,363,163
Hawaii	\$	503,012
Idaho	\$	503,012
Illinois	\$	1,524,127
Indiana	\$	865,181

Iowa	\$	754,518
Kansas	\$	563,374
Kentucky	\$	613,675
Louisiana	\$	689,127
Maine	\$	503,012
Maryland	\$	1,046,265
Massachusetts	\$	1,081,476
Michigan	\$	1,146,868
Minnesota	\$	759,548
Mississippi	\$	628,765
Missouri	\$	819,910
Montana	\$	503,012
Nebraska	\$	503,012
Nevada	\$	523,133
New Hampshire	\$	503,012
New Jersey	\$	895,362
New Mexico	\$	503,012
New York	\$	2,349,067
North Carolina	\$	1,388,314
North Dakota	\$	503,012
Ohio	\$	1,136,808
Oklahoma	\$	729,368
Oregon	\$	754,518
Pennsylvania	\$	1,659,940
Puerto Rico	\$	503,012
Rhode Island	\$	503,012
South Carolina	\$	628,765
South Dakota	\$	503,012
Tennessee	\$	845,061
Texas	\$	4,009,007
Utah	\$	503,012
Vermont	\$	503,012
Virginia	\$	709,247
Washington	\$	1,151,898
West Virginia	\$	503,012
Wisconsin	\$	860,151
Wyoming	\$	503,012
District of Columbia	\$	503,012
American Samoa	\$	145,874
Guam	\$	206,235
Northern Marianas	\$	221,325
Virgin Islands	\$	181,084

Appendix B

Alternative Source of Funding to Mitigate Draconian Cuts to the SRFs

The Clean Water and Drinking Water State Revolving Funds (SRFs) are state-run subsidized loan programs that provide affordable financing for infrastructure that provides safe drinking water, wastewater services and stormwater management to hundreds of millions of Americans. Since the programs were established three decades ago, federal funding of \$75 billion has generated a total investment of \$211 billion for more than 63,000 projects across the nation, with loan repayments exceeding total federal contributions as of 2021.

Restore the SRFs and Repurpose EPA Funding

- Rescind \$1 billion in appropriations for fiscal year 2024 for an EPA grant program to address emerging contaminants under subsections (a) through (i) of section 1459A of the Safe Drinking Water Act (42 U.S.C. 300j-19a); and
- Reappropriate this funding to pay for congressional earmarks and mitigate significant cuts to annual federal funding for the SRFs in fiscal year 2024.

Reprioritize Federal Funding to Meet the Highest Priorities

The Infrastructure Investment and Jobs Act (IIJA) appropriated \$9 billion in federal funding over five years to address emerging contaminants in drinking water, including \$5 billion for a new EPA grant program. By comparison, the IIJA appropriated \$11.713 billion to the Drinking Water SRFs to address all other drinking water infrastructure needs in the nation.

While addressing emerging contaminants is vitally important, the amount of funding for this restricted purpose is disproportionate to federal funding for all other water infrastructure needs. Repurposing this funding to pay for congressional earmarks allows Congress to direct money to the priorities of communities they represent.

Benefits of Reprioritizing Federal Funding in the IIJA

- All communities and projects eligible for funding under EPA's grant program are eligible under the Drinking Water SRFs.
- SRFs have the flexibility to fund water infrastructure projects that are the highest priority for small and disadvantaged communities, including projects to address emerging contaminants.
- Funding is likely to move more quickly and efficiently through the SRFs than through the new EPA grant program.
- Restoring federal funding for the SRFs will increase the ability of states to leverage funding to build more water infrastructure projects.
- Restoring federal funding for the SRFs will increase the permanent source of revolving loan repayments to meet the ongoing need for water infrastructure.