April 17, 2026

Representative Mike Simpson
Chairman
Subcommittee on Interior, Environment, and Related Agencies
Committee on Appropriations
2084 Rayburn House Office Building
Washington, DC 20515

Senator Lisa Murkowski
Chair
Subcommittee on Interior, Environment, and Related Agencies
Committee on Appropriations
522 Hart Senate Office Building
Washington, DC 20510

Representative Chellie Pingree
Ranking Member
Subcommittee on Interior, Environment, and Related Agencies
Committee on Appropriations
2354 Rayburn House Office Building
Washington, DC 20515

Senator Jeff Merkley
Ranking Member
Subcommittee on Interior, Environment, and Related Agencies
Committee on Appropriations
531 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Simpson, Chair Murkowski, Ranking Member Pingree, and Ranking Member Merkley,

As you begin drafting the Fiscal Year (FY) 2027 Interior, Environment, and Related Agencies Appropriations bill, we urge you to fully fund critical water infrastructure programs and maintain investments that strengthen public health, support economic growth, and ensure that water remains accessible and affordable.

Our nation's drinking water, wastewater and stormwater infrastructure programs are essential to the health and wellbeing of every American and the basic functioning of our society. For nearly 85 years, Congress provided federal funds to municipalities to address local water quality challenges. However, the U.S. Environmental Protection Agency's (EPA) most recent Clean Watersheds Needs Survey found that $630.1 billion will be needed over the next 20 years to fund necessary wastewater treatment, stormwater management, and nonpoint source control projects[1]. Similarly, the Drinking Water Infrastructure Needs Survey and Assessment identified a need for $625 billion investment over 20 years to fund drinking water infrastructure projects across the country[2]. This, compounded by a 31 percent decrease in federal capital investment in water infrastructure over the last few decades, means that now, more than ever, we need to invest in our critical water infrastructure[3]. For every dollar invested, there is a return of up to $3.28 and these projects generate nearly 40,000 jobs and contribute $6.47 billion in economic output[4].

Water systems' mission is to deliver safe, clean, and affordable water to households. Without these federal investments, states and local governments must choose between keeping rates affordable and deferring critical maintenance. The $1.2 trillion federal investment over five years from the Infrastructure Investment and Jobs Act (IIJA) demonstrated a bipartisan commitment to American infrastructure. With the expiration of these funds, we need to maintain this momentum by making sure the investments for these important programs continue. **We urge you to include the following recommendations in FY 2027 Congressional appropriations.**

Clean Water and Drinking Water State Revolving Funds (SRFs)

The SRFs are utilized by every state and territory. The flexibility of these programs allows communities of all sizes to finance critical projects they could not afford without federal support. The programs' low interest rates and loan forgiveness have saved communities up to $969 million over the life of the loan compared to the market rate. Funding the SRFs at authorized levels, including the designated funds for small communities in the Drinking Water SRF, will ensure that large cities and rural communities alike will have the ability to update their aging infrastructure, build system resilience and protect the communities they serve, all while reducing ratepayer burden.

In light of the President's FY 2027 budget proposal, we urge Congress to reaffirm its commitment to water infrastructure and **fund the SRFs at their FY 2026 Congressionally authorized levels in FY 2027.**

Additionally, we would like to highlight the importance of strongly funding the SRF to lessen the impact of Congressionally Directed Spending (CDS)/Community Project Funds (CPF). A revolving fund relies on the funding staying within the system so it can be continually lent out and repaid but CDS/CPF diverts money from the annual base funding of the SRF programs. This reduces the program's potential impact because it replaces repayable loans with one-time grants. Also, because specific set-asides, such as funding for small systems and technical assistance, are tied to capitalization levels, CDS/CPF directly reduces funding for these important functions. In FY 2026, 64 percent of Drinking Water

---

[1] https://www.epa.gov/system/files/documents/2024-05/2022-cwns-report-to-congress.pdf
[2] https://www.epa.gov/system/files/documents/2023-09/Seventh%20DWINSA_September2023_Final.pdf
[3] https://2021.infrastructurereportcard.org/investing-in-aging-water-infrastructure/
[4] https://www.wpr.org/wp-content/uploads/2025/05/banner-analysis.pdf

SRF appropriations and 54 percent of Clean Water SRF appropriations were diverted to CDS/CPF [5]. Strongly funding base SRF funding will reduce the negative effects of CDS/CPF on the SRFs, ensuring that states continue to have the ability to fund priority projects while returning revolving dollars to the program.

Water Infrastructure Finance and Innovation Act (WIFIA)
WIFIA's focus on large-scale water infrastructure allows communities to invest in projects such as building new desalination facilities, scaling up water reuse systems, or expanding existing water infrastructure. This creates opportunities for communities to take advantage of emerging industries, grow their systems to keep up with demand from their evolving population and invest in new, cutting-edge technology. Municipalities that utilize WIFIA's low interest rates save on average $1 billion in interest over the life of the loan compared to the market rate. Funding WIFIA at its FY 2026 appropriated level makes community-changing projects affordable.

We urge you to fund WIFIA at FY 2026 levels in FY 2027.

State and Tribal Assistance Grants (STAG)
STAG programs provide funding for an array of projects and initiatives that allow municipalities to carry out vital operations. Programs include funding for lead service line replacement, emerging contaminant removal, cybersecurity protection, resilience, state program implementation and oversight and stormwater management. These programs ensure communities will continue to have access to affordable and safe water while also preventing government requirements from becoming unfunded mandates. Managing water systems is an expensive and accessible investment in water infrastructure will help mitigate nationwide issues and address the pressing needs to improve water delivery.

We urge you to fund these programs at their FY 2026 Congressionally authorized levels in FY 2027.

Conclusion
Every individual needs access to clean drinking water, sanitary wastewater and stormwater services. Each of these programs is critical to protecting public health and promoting economic growth.

Again, we urge you to protect these vital programs and thank you for your consideration.

Sincerely,

American Council of Engineering Companies

---

[5] https://www.congress.gov/crs-product/IF13177#:~:text=The%20Clean%20Water%20Act%20(CWA,provide%20a%2020%25%20cost%20share.

American Public Works Association
American Society of Civil Engineers
American Water Works Association
Association of Metropolitan Water Agencies
Association of State Drinking Water Administrators
California Association of Sanitation Agencies
Council of Infrastructure Financing Authorities
Clean Water Construction Coalition
Government Finance Officers Association
National Association of Clean Water Agencies
National Association of Counties
National Association of Water Companies
National League of Cities
National Municipal Stormwater Alliance
National Utility Contractors Association
National Water Resources Association
Protect Kids from Lead Coalition
Rural Community Assistance Partnership
U.S. Conference of Mayors
U.S. Water Alliance
Water Collaborative Delivery Association
WateReuse
Water and Wastewater Equipment Manufacturers Association

CC:
Senator Susan Collins, Chair, Senate Committee on Appropriations
Senator Patty Murray, Ranking Member, Senate Committee on Appropriations
Representative Tom Cole, Chair, House Committee on Appropriations
Representative Rosa DeLauro, Ranking Member, House Committee on Appropriations