



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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GOVERNOR

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August 1, 2023

Senator Mitch McConnell
317 Russell Senate Office Building
Washington, D.C. 20510

Senator Rand Paul
295 Russell Senate Office Building
Washington, D.C. 20510

Congressman James Comer (KY-01)
2410 Rayburn House Office Building
Washington, D.C. 20515

Congressman Brett Guthrie (KY-02)
2434 Rayburn House Office Building
Washington, D.C. 20515

Congressman Morgan McGarvey (KY-03)
1527 Longworth House Office Building
Washington, D.C. 20515

Congressman Thomas Massie (KY-04)
2453 Rayburn House Office Building
Washington, D.C. 20515

Congressman Hal Rogers (KY-05)
2406 Rayburn House Office Building
Washington, D.C. 20515

Congressman Andy Barr (KY-06)
2430 Rayburn House Office Building
Washington, D.C. 20515

Dear Members of the Kentucky Congressional Delegation:

I write to alert you to a significant threat to Kentucky's Clean Water and Drinking Water State Revolving Funds (SRFs) and request your assistance protecting the long-term viability of vital water infrastructure programs in the Commonwealth.

More than three decades ago, Congress established the Clean Water and Drinking Water SRFs as federally subsidized, state-run loan programs. The funding allows the SRFs to provide utilities with affordable financing for water infrastructure projects that protect and provide clean, safe drinking water. Over time, because these are revolving loan programs, the funding allows SRFs to build a permanent source of recurring revenue to meet the ongoing needs of rehabilitating, replacing, and building resilient water infrastructure. Kentucky has taken advantage of leveraging these SRF loan repayments as security for bond issues, which has increased the total amount of infrastructure investment.

Congresses for more than a quarter century have understood the vital importance and everyday impact these programs have on the health, wellbeing, and safety of families and communities across Kentucky, and entire nation. Since 2022, however, Congress has diverted more than \$2.3 billion away from the programs' base funding to pay for mostly unrelated congressional earmarks. The House's 2024 budget proposes even steeper cuts, slashing next fiscal year's SRF funding by 94% compared to 2021 levels and steering another \$880 million away from the programs. The results are inconsistent. Some small cities

stand to receive more water infrastructure funding for a single earmark than SRF funding going to 49 states.¹

These cuts will deeply impact Kentucky's water infrastructure programs. According to the Kentucky Infrastructure Authority (KIA), the House proposal would decrease base funding for Kentucky's Clean Water SRF and Drinking Water SRF by about 96% and 97% from 2021 levels, respectively:

Kentucky Clean Water and Drinking Water State Revolving Funds, 2021 - 2024				
	Clean Water SRF (Base Funding)	% Decrease	Drinking Water SRF (Base Funding)	% Decrease
2021	\$20,223,000		\$18,127,000	
2022	\$14,726,000	-27.2%	\$11,547,000	-36.3%
2023	\$9,548,000	-52.8%	\$6,012,000	-66.8%
2024 (Proposed)	Est. \$800,000	-96.0%	Est. \$600,000	-96.7%

Inevitably, these cuts will lead to massive programmatic shortfalls over the short-term and imperil the long-term health and viability of critical water infrastructure programs in Kentucky. True, the federal Infrastructure Investment and Jobs Act made significant one-time investments in these programs, but the funding disappears after five years, leaving a trail of unfunded water infrastructure programs in its wake.

For more than 35 years, the Commonwealth's SRFs have brought in \$1,036,670,163 in federal capitalization grants. Over the same period, the number of low interest loans committed to projects is \$2,352,908,537. While all loans are offered below market rate, the federal contribution provides a sustainable way for KIA to offer principal forgiveness to many projects in disadvantaged communities.

Thank you for your careful attention and assistance protecting critical water infrastructure programs in Kentucky.

Sincerely,



Andy Beshear
Governor

CC:

The Honorable Robert Stivers, Senate President
The Honorable David P. Givens, President Pro Tempore
The Honorable Gerald A. Neal, Minority Floor Leader
The Honorable Reginald Thomas, Minority Caucus Chair
The Honorable David W. Osborne, Speaker of the House
The Honorable David Meade, Speaker Pro Tempore
The Honorable Derrick Graham, Minority Floor Leader
The Honorable Cherlynn Stevenson, Minority Caucus Chair

¹ According to the Council of Infrastructure Financing Authorities, the House's proposed budget would allocate \$9,184,480 to one clean water project in Rexburg, Idaho (pop. 33,684) – more than the total Clean Water SRF funding to 49 states.