



May 26, 2022

The Honorable Patrick Leahy, Chair
U.S. Senate Committee on Appropriations
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 Richard Shelby, Vice Chair
U.S. Senate Committee on Appropriations
Room S-128, The Capitol
Washington, D.C. 20510

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

Re: Funding Earmarks through the Clean Water and Drinking Water State Revolving Funds

Dear Senators Leahy and Shelby and Representatives DeLauro and Granger:

The Council of Infrastructure Financing Authorities (CIFA) respectfully requests that Congress restore full federal funding of the capitalization grants for the Clean Water and Drinking Water State Revolving Funds (SRFs), the nation's premier program for financing water infrastructure that protects public health and the environment.

The Consolidated Appropriations Act of 2022 maintained the 2021 funding levels for the Clean Water and Drinking Water SRFs. However, Congress used the SRF capitalization grants to fund earmarks, which cut funding by \$393 million or 36% for state drinking water projects and \$425 million or 27% for state wastewater, stormwater, and clean water projects.

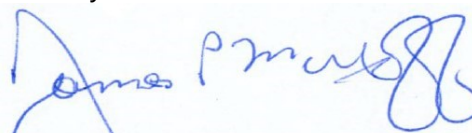
As you know, Congress established the SRFs as state-federal partnerships with shared commitment to protect water quality and provide a safe reliable supply of water in communities across the nation. Annual federal and state funding was intended to capitalize the subsidized loan programs which could then provide a recurring source of funding to meet the perpetual need for sustained investment in water infrastructure. To maximize efficiency and effectiveness, states were empowered to tailor their programs under a broad federal framework to meet their distinct and diverse water needs. Since the programs were established, SRF low interest loans have saved ratepayers billions of dollars for water infrastructure.

While appropriations for the SRFs in the Infrastructure Investment and Jobs Act mitigate the *immediate* impact of these funding cuts, paying for congressionally-selected projects by cutting funding for state priorities sets an alarming precedent with significant cascading consequences.

- Cutting federal funding for subsidized loans for state priorities to provide grants for congressionally selected projects undermines the successful SRF state-federal partnership. Using the SRF capitalization grants to fund earmarks side-steps the states' proven process for prioritizing limited funding for water infrastructure. As a result, construction of state priority projects will be delayed, which can potentially increase the risk to public health and the environment.
- Cutting federal funding for the SRFs also cuts funding for additional subsidy (grants and principal forgiveness), which helps build water infrastructure for communities that couldn't otherwise afford it. In some cases, cuts to state priorities were used to pay for earmarks for water systems that didn't meet state criteria for affordability or disadvantaged communities to qualify for additional subsidy.
- Cutting federal funding for the SRFs also cuts funding for critical water quality programs, including technical assistance for small, rural and tribal communities, source water protection and capacity development under the Public Water System Supervision program, and other state and local water protection activities.
- Cutting federal funding for subsidized loans through the SRFs reduces funding for water infrastructure – now and in the future. Using the capitalization grants to pay for earmarks reduces state match and diminishes the leveraging power of the SRFs to issue bonds to increase funding for water infrastructure. Today's funding cuts permanently eliminate revolving funds to meet future water infrastructure needs.

Moreover, if this approach is maintained after supplemental funding in the bipartisan infrastructure bill expires in 2027, the Clean Water and Drinking Water SRFs will be decimated. Because of these unintended consequences, the Clean Water and Drinking Water SRFs respectfully request Congress to fund earmarks directly and maintain the financial integrity of the capitalization grants for the SRFs.

Sincerely,



James P McGoff
COO and Director of Environmental Programs
Indiana Finance Authority
CIFA President

Federal Funding for Clean Water State Revolving Funds*			
State	2021 Funding	2022 Funding	Cut
Alabama	\$17,767,000	\$12,938,000	\$4,829,000
Alaska	\$9,506,000	\$6,925,000	\$2,581,000
Arizona	\$10,732,000	\$7,815,000	\$2,917,000
Arkansas	\$10,394,000	\$7,570,000	\$2,824,000
California	\$113,637,000	\$82,753,000	\$30,884,000
Colorado	\$12,710,000	\$9,256,000	\$3,454,000
Connecticut	\$19,465,000	\$14,175,000	\$5,290,000
Delaware	\$7,779,000	\$5,681,000	\$2,098,000
Florida	\$53,633,000	\$39,057,000	\$14,576,000
Georgia	\$26,865,000	\$19,563,000	\$7,302,000
Hawaii	\$12,306,000	\$8,961,000	\$3,345,000
Idaho	\$7,779,000	\$5,681,000	\$2,098,000
Illinois	\$71,861,000	\$52,330,000	\$19,531,000
Indiana	\$38,292,000	\$27,885,000	\$10,407,000
Iowa	\$21,505,000	\$15,660,000	\$5,845,000
Kansas	\$14,342,000	\$10,444,000	\$3,898,000
Kentucky	\$20,223,000	\$14,726,000	\$5,497,000
Louisiana	\$17,467,000	\$12,720,000	\$4,747,000
Maine	\$12,300,000	\$8,957,000	\$3,343,000
Maryland	\$38,429,000	\$27,985,000	\$10,444,000
Massachusetts	\$53,946,000	\$39,285,000	\$14,661,000
Michigan	\$68,320,000	\$49,751,000	\$18,569,000
Minnesota	\$29,204,000	\$21,267,000	\$7,937,000
Mississippi	\$14,315,000	\$10,425,000	\$3,890,000
Missouri	\$44,047,000	\$32,076,000	\$11,971,000
Montana	\$7,779,000	\$5,681,000	\$2,098,000
Nebraska	\$8,109,000	\$5,918,000	\$2,191,000
Nevada	\$7,779,000	\$5,681,000	\$2,098,000
New Hampshire	\$15,879,000	\$11,563,000	\$4,316,000
New Jersey	\$64,929,000	\$47,282,000	\$17,647,000
New Mexico	\$7,779,000	\$5,681,000	\$2,098,000
New York	\$175,375,000	\$127,710,000	\$47,665,000
North Carolina	\$28,676,000	\$20,882,000	\$7,794,000
North Dakota	\$7,779,000	\$5,681,000	\$2,098,000
Ohio	\$89,448,000	\$65,138,000	\$24,310,000
Oklahoma	\$12,837,000	\$9,349,000	\$3,488,000
Oregon	\$17,949,000	\$13,071,000	\$4,878,000
Pennsylvania	\$62,939,000	\$45,833,000	\$17,106,000
Puerto Rico	\$20,724,000	\$15,092,000	\$5,632,000
Rhode Island	\$10,669,000	\$7,770,000	\$2,899,000
South Carolina	\$16,278,000	\$11,853,000	\$4,425,000
South Dakota	\$7,779,000	\$5,681,000	\$2,098,000

Tennessee	\$23,082,000	\$16,808,000	\$6,274,000
Texas	\$72,622,000	\$52,885,000	\$19,737,000
Utah	\$8,357,000	\$6,096,000	\$2,261,000
Vermont	\$7,779,000	\$5,681,000	\$2,098,000
Virginia	\$32,518,000	\$23,680,000	\$8,838,000
Washington	\$27,631,000	\$20,122,000	\$7,509,000
West Virginia	\$24,769,000	\$18,037,000	\$6,732,000
Wisconsin	\$42,955,000	\$31,281,000	\$11,674,000
Wyoming	\$7,779,000	\$5,681,000	\$2,098,000
District of Columbia	\$7,779,000	\$5,681,000	\$2,098,000
Puerto Rico	\$20,724,000	\$15,092,000	\$5,632,000
	\$1,564,802,000	\$1,139,704,000	\$425,098,000

*Chart represents funding for SRF capitalization grants. Funding for 604(b) Grants, territories (American Samoa, Guam, Northern Marianas and Virgin Islands), or national set-asides (Tribal Set-Aside, Clean Watershed Needs Survey, and National American Iron & Steel Administrative Set-Aside) isn't included.

Federal Funding for Drinking Water State Revolving Funds*			
State	2021 Funding	2022 Funding	Cut
Alabama	\$23,714,000	\$15,106,000	\$8,608,000
Alaska	\$11,001,000	\$7,008,000	\$3,993,000
Arizona	\$19,784,000	\$12,603,000	\$7,181,000
Arkansas	\$16,551,000	\$10,543,000	\$6,008,000
California	\$97,047,000	\$61,819,000	\$35,228,000
Colorado	\$21,735,000	\$13,846,000	\$7,889,000
Connecticut	\$11,001,000	\$7,008,000	\$3,993,000
Delaware	\$11,001,000	\$7,008,000	\$3,993,000
Florida	\$43,304,000	\$27,585,000	\$15,719,000
Georgia	\$25,924,000	\$16,513,000	\$9,411,000
Hawaii	\$11,001,000	\$7,008,000	\$3,993,000
Idaho	\$11,001,000	\$7,008,000	\$3,993,000
Illinois	\$41,505,000	\$26,439,000	\$15,066,000
Indiana	\$16,815,000	\$10,711,000	\$6,104,000
Iowa	\$17,427,000	\$11,101,000	\$6,326,000
Kansas	\$12,763,000	\$8,130,000	\$4,633,000
Kentucky	\$18,127,000	\$11,547,000	\$6,580,000
Louisiana	\$16,465,000	\$10,489,000	\$5,976,000
Maine	\$11,001,000	\$7,008,000	\$3,993,000
Maryland	\$20,152,000	\$12,837,000	\$7,315,000
Massachusetts	\$25,526,000	\$16,260,000	\$9,266,000
Michigan	\$27,004,000	\$17,202,000	\$9,802,000
Minnesota	\$16,792,000	\$10,697,000	\$6,095,000
Mississippi	\$11,842,000	\$7,544,000	\$4,298,000
Missouri	\$19,394,000	\$12,354,000	\$7,040,000

Montana	\$11,001,000	\$7,008,000	\$3,993,000
Nebraska	\$11,001,000	\$7,008,000	\$3,993,000
Nevada	\$12,752,000	\$8,123,000	\$4,629,000
New Hampshire	\$11,001,000	\$7,008,000	\$3,993,000
New Jersey	\$18,775,000	\$11,960,000	\$6,815,000
New Mexico	\$11,001,000	\$7,008,000	\$3,993,000
New York	\$44,926,000	\$28,618,000	\$16,308,000
North Carolina	\$33,782,000	\$21,520,000	\$12,262,000
North Dakota	\$11,001,000	\$7,008,000	\$3,993,000
Ohio	\$27,666,000	\$17,624,000	\$10,042,000
Oklahoma	\$15,596,000	\$9,935,000	\$5,661,000
Oregon	\$14,474,000	\$9,220,000	\$5,254,000
Pennsylvania	\$33,873,000	\$21,577,000	\$12,296,000
Rhode Island	\$11,001,000	\$7,008,000	\$3,993,000
South Carolina	\$14,247,000	\$9,075,000	\$5,172,000
South Dakota	\$11,001,000	\$7,008,000	\$3,993,000
Tennessee	\$19,108,000	\$12,172,000	\$6,936,000
Texas	\$86,202,000	\$54,911,000	\$31,291,000
Utah	\$11,001,000	\$7,008,000	\$3,993,000
Vermont	\$11,001,000	\$7,008,000	\$3,993,000
Virginia	\$17,949,000	\$11,434,000	\$6,515,000
Washington	\$24,576,000	\$15,655,000	\$8,921,000
West Virginia	\$11,001,000	\$7,008,000	\$3,993,000
Wisconsin	\$18,749,000	\$11,943,000	\$6,806,000
Wyoming	\$11,001,000	\$7,008,000	\$3,993,000
District of Columbia	\$11,001,000	\$7,008,000	\$3,993,000
Puerto Rico	\$11,001,000	\$7,008,000	\$3,993,000
	\$1,083,567,021	\$690,247,022	\$393,320,000

*Chart represents funding for SRF capitalization grants. Funding for 604(b) Grants, territories (American Samoa, Guam, Northern Marianas and Virgin Islands), or national set-asides (Tribal Set-Aside, Clean Watershed Needs Survey, and National American Iron & Steel Administrative Set-Aside) isn't included.

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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