



COUNCIL OF INFRASTRUCTURE FINANCING AUTHORITIES

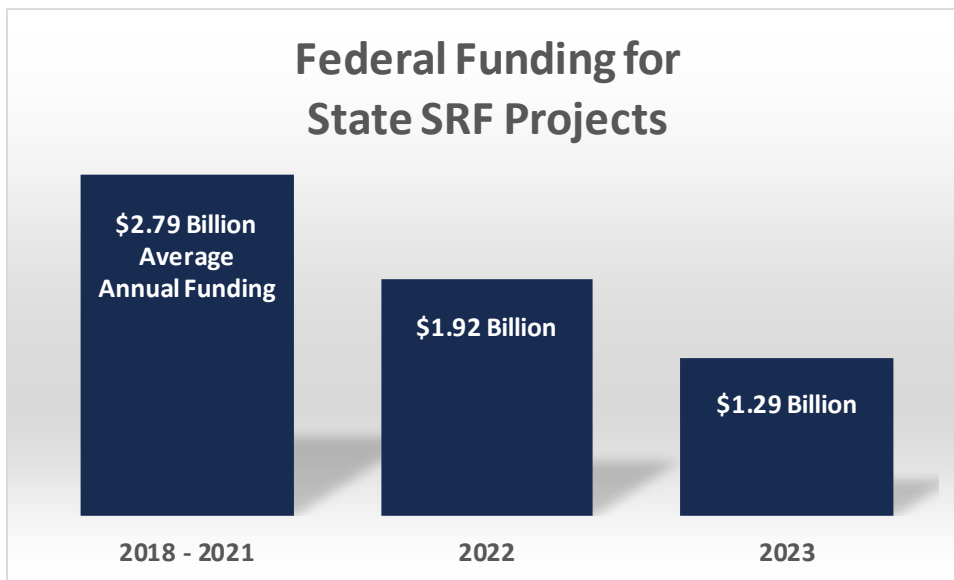
## Clean Water and Drinking Water State Revolving Funds (SRFs) Federal Funding for Fiscal Year 2023

### 2023 Federal Funding for the Clean Water and Drinking Water SRFs

The [Consolidated Appropriations Act, 2023, \(H.R. 2617\)](#), provided \$2.76 billion for the SRF capitalization grants, a nominal increase from 2022. However, Congress used more than half of that funding to pay for \$1.47 billion in congressional earmarks ([project list starting on page 80](#)), cutting annual federal funding for state SRF projects to historically low levels.

### Impact of Congressional Earmarks

Over the last two years, Congress has cut \$2.3 billion or 42% in annual federal funding for state SRF projects to pay for congressional earmarks. While supplemental funding in the [Infrastructure Investment and Jobs Act \(H.R. 2684\)](#) (BIL/IIJA) mitigates the immediate impact of these cuts, SRFs face a funding cliff when the supplemental funding ends in three years.



Federal Funding	2018 - 2021	2022	2023
SRF Capitalization Grants	\$2,764,914,000	\$2,764,914,000	\$2,764,962,000
Congressional Earmarks	\$0	(\$841,405,095)	(\$1,472,364,541)
SRF State Projects	\$2,787,772,250	\$1,923,508,905	\$1,292,597,459

## 2023 Federal Funding for State Clean Water SRF Projects

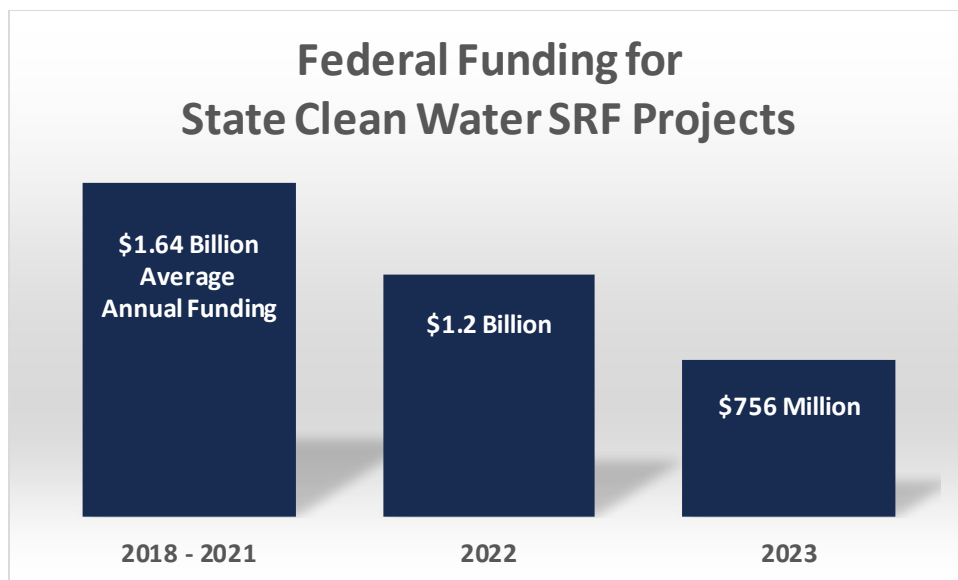
In 2023, Congress provided \$775,752,358 million in federal funding for state clean water SRF projects.

Funding Policy:

- Mandates 10% of annual federal funding be provided as principal forgiveness or grants for any project, which is in addition to the new federal mandate in the Clean Water Act requiring 10% of annual federal funding be provided as principal forgiveness or grants to communities who meet the state-defined affordability criteria.
- Mandates 10% of federal funding be used for green projects as long as there are eligible applications.

## Impact of Congressional Earmarks on State Clean Water SRF Projects

Over the last two years, Congress has cut \$1.3 billion or 40% in annual federal funding for state SRF projects to pay for congressional earmarks.



Federal Funding Clean Water	2018 - 2021	2022	2023
SRF Capitalization Grant	\$1,642,920,000	\$1,638,826,000	\$1,638,861,000
Congressional Earmarks	\$0	(\$443,639,051)	(\$863,108,642)
State SRF Projects	\$1,642,920,000	\$1,195,186,949	\$775,752,358

## 2023 Federal Funding for State SRF Drinking Water Projects

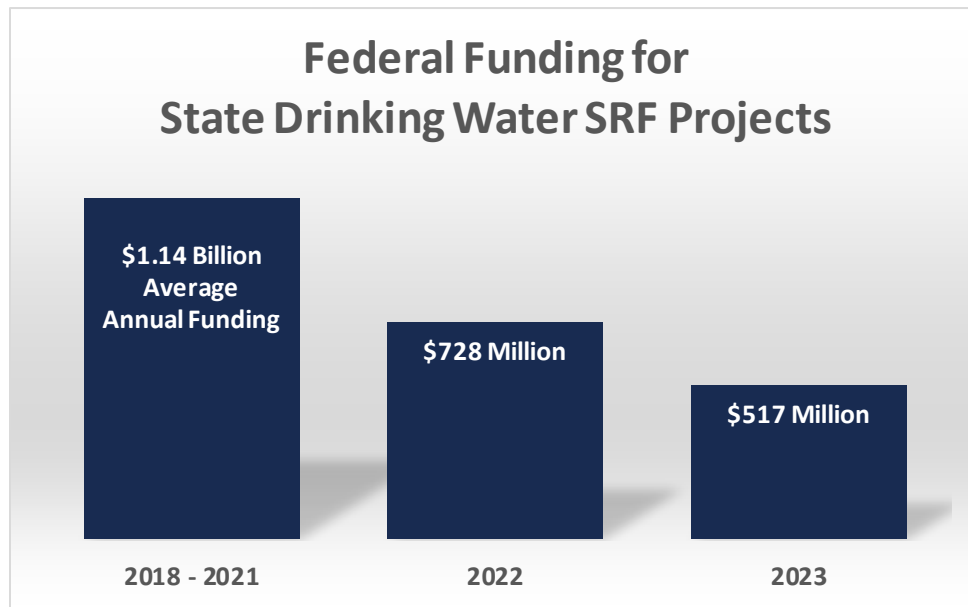
In 2023, Congress provided \$516,847,124 million in federal funding for state drinking water SRF projects.

Funding Policy:

- Mandates 14% of annual federal funding be provided as principal forgiveness or grants for any project, which is in addition to the federal mandate in the Safe Drinking Water Act requiring 12% of annual federal funding be provided as principal forgiveness or grants to communities who meet the state-defined disadvantaged community criteria. (This mandate was doubled by the Infrastructure Investment and Jobs Act.)

## Impact of Congressional Earmarks on State Drinking Water Projects

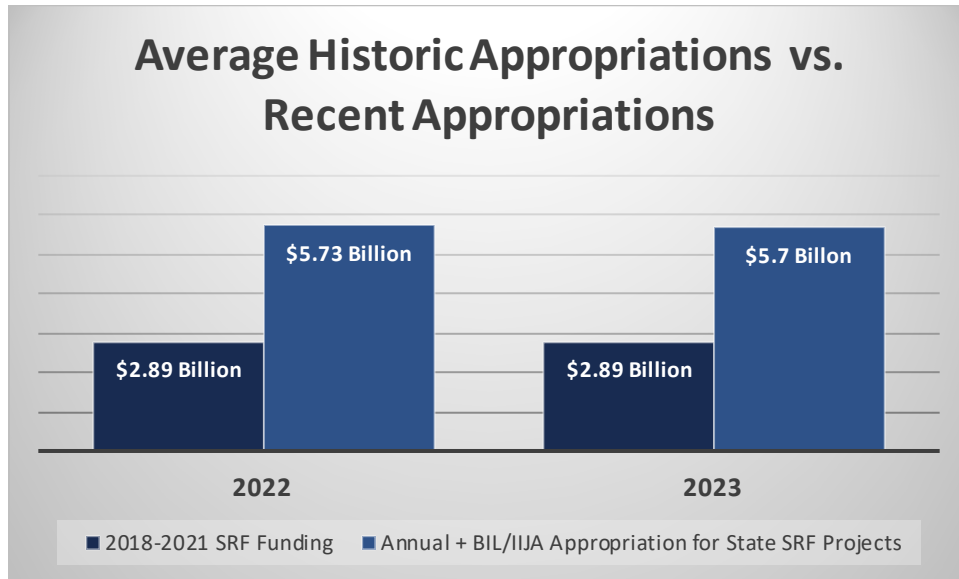
Over the last two years, Congress has cut \$1 billion or 45% in annual federal funding for state SRF projects to pay for congressional earmarks.



Drinking Water SRF	2018 - 2021	2022	2023
SRF Capitalization Grant	\$1,144,853,260	\$1,126,088,000	\$1,126,101,000
Earmarks	\$0	(\$397,766,044)	(\$609,255,899)
State SRF Projects	\$1,144,853,260	\$728,323,978	\$516,847,124

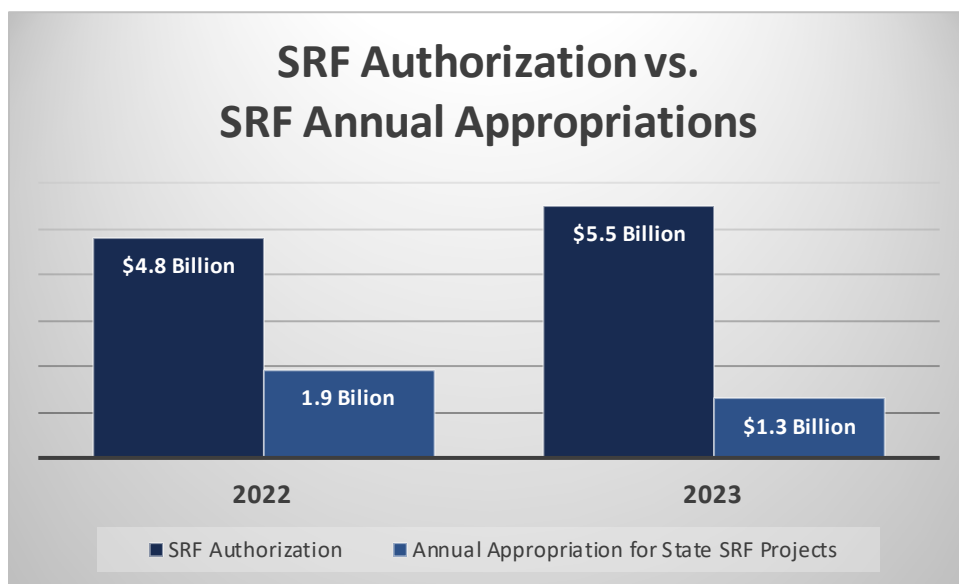
### Historic SRF Funding (2018-2021) vs. Recent SRF Funding (2022-2023)

Annual federal funding plus supplemental funding in the BIL/IIJA is more than double the average annual federal funding for SRFs from 2018 to 2021. However, when the one-time supplemental funding in the BIL/IIJA ends in three years, SRFs will face a funding cliff, especially if Congress continues to use the SRF capitalization grant to pay for earmarks.



### SRF Authorizations vs. Annual Federal Funding for the SRFs

The BIL/IIJA reauthorized both the Clean Water and Drinking Water SRFs to \$2.4 billion in 2022, \$2.75 billion in 2023, \$3 billion in 2024, and 3.25 billion in 2025 and 2026. However, Congress has yet to fund the full authorization.



### SRF Authorizations vs. Total Annual Federal Funding for SRFs

In 2022, annual funding plus supplemental funding in IIJA/BIL exceeded the annual authorization by 20%. In 2023, annual funding plus supplemental funding in the IIJA/BIL and annual funding exceeded the annual authorization by 4.5%.

