



February 15, 2023

The Honorable Kay Granger
Chairwoman
U.S. House Committee on Appropriations
Washington, D.C. 20515

The Honorable Patty Murray
Chair
U.S. Senate Committee on Appropriations
Washington, D.C. 20510

The Honorable Rosa L. DeLauro, Chair
Ranking Member
U.S. House Committee on Appropriations
Washington, D.C. 20515

The Honorable Susan Collins
Vice Chair
U.S. Senate Committee on Appropriations
Washington, D.C. 20510

Re: 2024 Fiscal Year Appropriations for the Clean Water and Drinking Water State Revolving Funds.

Dear Chairwoman Granger, Chair Murray, Ranking Member DeLauro and Vice Chair Collins:

As your Committees finalize 2024 Interior-Environment Appropriations, the undersigned organizations urge full funding of the Clean Water and Drinking Water State Revolving Funds (SRFs) at congressionally authorized levels of \$3 billion each for fiscal year 2024.

Clean water is foundational to protecting public health.

Fully funding the SRFs will expand access to affordable financing for water infrastructure that protects public health. SRF subsidized loans fund infrastructure that provides safe drinking water, recycled water, wastewater services and stormwater management in thousands of communities around the nation every year. Without increased federal funding for this critical public health infrastructure, the risk of exposure to preventable diseases from poor water quality and water scarcity will increase for millions of Americans.

The demand for affordable SRF financing has increased exponentially in recent years.

Increased federal funding is needed to meet the growing demand for SRF subsidized loans, which has skyrocketed due to the increased cost of planning, design, construction and financing.

- Budgets for water infrastructure projects have increased by as much as 40% in just the last five years. While historic inflation has ebbed, the cost of planning, design and construction remains well above pre-pandemic levels, particularly in rural communities that can least afford it.
- In addition to repairing and replacing aging infrastructure, complying with more stringent water quality standards requires new investments in sophisticated and often expensive treatment technologies.
- Higher construction costs are compounded by higher financing costs from rising interest rates on the municipal market. The cost of borrowing has become a barrier to needed investment in water infrastructure.

Importantly, reliable annual federal appropriations are directly linked to an SRF's ability to:

- Maintain low interest rates on SRF subsidized loans to keep financing affordable.
- Provide principal forgiveness and grants to communities that couldn't otherwise afford to build the water infrastructure needed to protect public health.
- Issue bonds to leverage their programs to meet higher demand for financing.
- Supplement state and local water quality programs that protect the sources of drinking water and train staff at local water utilities.
- Provide technical assistance to help small and rural communities comply with water quality standards, build physical, financial and operational resiliency, and develop water infrastructure projects.
- Build a permanent pool of loan repayments that can provide affordable financing for water infrastructure projects in the future.

Annual federal funding is needed to fund the SRFs current and projected pipeline of projects.

The SRFs initially expanded their project portfolio based on supplemental appropriations provided in the Infrastructure Investment and Jobs Act (IIJA). However, the SRFs have had to scale back the project pipeline because the one-time funds in the IIJA were needed to backfill significant cuts to annual federal funding. Additionally, more than half of the federal funding in the IIJA can't be used to repair, replace or improve aging infrastructure which is desperately needed and nearly half of the funding available for those projects must be used as grants or principal forgiveness, which limits eligibility.

Funding the Clean Water and Drinking Water SRFs at congressionally authorized levels, \$3 billion each, will restore and increase access to affordable financing for water infrastructure that protects public health.

Thank you for your consideration.

Sincerely,

- American Council of Engineering Companies ([ACEC](#))
- American Public Works Association ([APWA](#))
- American Water Works Association ([AWWA](#))
- Association of Clean Water Administrators ([ACWA](#))
- Association of Metropolitan Water Agencies ([AMWA](#))
- Association of State Drinking Water Administrators ([ASDWA](#))
- Council of Infrastructure Financing Authorities ([CIFA](#))
- Environmental Council of the States ([ECOS](#))
- Environmental Policy Innovation Center ([EPIC](#))
- Government Finance Officers Association ([GFOA](#))
- Moonshot Missions ([moonshotmissions.org](#))
- National Association of Clean Water Agencies ([NACWA](#))
- National Municipal Stormwater Alliance ([NMSA](#))
- National Water Resources Association ([NRWA](#))
- Rural Community Assistance Partnership ([RCAP](#))
- The Water Research Foundation ([WRF](#))
- US Water Alliance ([uswateralliance.org](#)),
- U.S. Chamber of Commerce, ([www.uschamber.com](#))
- Water Environment Federation ([WEF](#))
- Water and Wastewater Equipment Manufacturers Association ([WWEMA](#))
- WaterReuse Association ([WRA](#))
- WaterNow Alliance ([waternow.org](#))
- Western States Water Council ([WSWC](#))

cc: Members of the House and Senate Committees on Appropriations