



August 6, 2024

The Honorable Zach Nunn
1232 Longworth House Office Building
Washington, D.C. 20515

The Honorable Emilia Sykes
1217 Longworth House Office Building
Washington, D.C. 20515

Dear Representatives Nunn and Sykes,

Thank you for your advocacy on behalf of millions of families across the nation who need financial assistance to replace the lead pipe that delivers drinking water from the utility water main to their home. Alleviating the financial burden of replacing these pipes is a critical investment in public health, which will save lives and prevent lifelong debilitating physical and developmental disabilities.

The Council of Infrastructure Financing Authorities (CIFA) 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. These subsidized loan programs provide communities with affordable financing to plan, design and build projects that provide safe drinking water, recycled water, wastewater treatment and stormwater management.

CIFA's members strongly support the *intent* of the Safe Drinking Water for Disadvantaged Communities Act (H.R. 7706). However, many SRFs have concerns about the unintended consequences of mandating that all funding for lead service line inventories and replacement in the Infrastructure Investment and Jobs Act (IIJA) be provided as grants and principal forgiveness only to communities defined as disadvantaged by the state.

First, mandating that all federal funds be used as principal forgiveness or grants may prevent some states from maximizing the use of short-term, one-time federal funding. While many SRFs need the ability to use all federal funding as principal forgiveness or grants, some SRFs, such as those with a significant number of lead lines and state mandates to replace lead lines, have significant demand for loans, which create a recurring source of funding from loan repayments to replace even more lead lines. Allowing "up to 100 percent" of federal funding to be used as principal forgiveness or grants would provide the much-needed flexibility, state-by-state, to accelerate the deployment of federal funding for these critical water projects.

Second, mandating that all funds be provided to disadvantaged communities is well-intended but may limit the use of federal funding in larger systems that don't meet the state criteria which is often based on system-wide affordability. Limiting principal forgiveness and grants to disadvantaged communities can actually create a barrier for communities to access needed financial assistance for pockets of poverty within their water system. Allowing principal

forgiveness or grants to be used in any community would allow the SRFs to better target and deliver this financial assistance to neighborhoods and households that can't otherwise afford to replace lead lines.

Please consider modifying the bill to provide greater flexibility for SRFs to maximize the use of federal funding and expand access to much-needed financial assistance, which will allow states to more expeditiously address this pressing danger to public health. CIFA offers these specific suggestions for your consideration:

Notwithstanding any other provision of law, ~~all up to 100 percent of~~ funds made available under the Infrastructure Investment and Jobs Act (Public Law 117-58) for capitalization grants for the Drinking Water State Revolving Funds under section 1452 of the Safe Drinking Water Act (42 U.S.C. 7300j-12) for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines shall be disbursed in the form of ~~forgivable loans~~ principal forgiveness or grants to any eligible community. ~~disadvantaged communities (as defined in section 1452(d)(3) of the Safe Drinking Water Act (42 U.S.C. 13300j-12(d)(3)))~~.

Thank you again for your support of policies that expand access to safe drinking water. CIFA stands ready to support your efforts.

Sincerely,



Digitally signed by Angela Knecht
Date: 2024.08.06 14:43:06 -04'00'

Angela Knecht
CIFA President

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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