



COUNCIL OF INFRASTRUCTURE FINANCING AUTHORITIES

## 2025 Annual Appropriations Clean Water and Drinking Water State Revolving Funds (SRFs)

### About Appropriations

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The Interior, Environment and Related Agencies appropriations bills fund the U.S. Environmental Protection Agency (EPA), which includes the Clean Water and Drinking Water State Revolving Funds (SRFs). The appropriations bills are accompanied by a Committee Report which provides additional policy guidance and the list of projects receiving congressional earmarks. Topline funding refers to the SRF capitalization grant which Congress is using to pay for congressional earmarks.

### Continuing Resolution

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On Thursday, September 26, President Joe Biden signed the Continuing Appropriations and Extensions Act, 2025 ([H.R. 9747](#)) to fund the federal government at current levels for three months through Friday, December 20, 2024.

- The bill doesn't include congressional earmarks.
- Annual appropriations don't impact the amount of federal funding for the SRFs in the Infrastructure Investment and Jobs Act (IIJA/BIL). However, the IIJA/BIL requires policy in the annual appropriations bills, such as mandates for green projects, to apply to IIJA/ BIL funding, which means EPA is unlikely to allot the IIJA/BIL funding until annual appropriations become law.

Status of Annual Appropriations	
U.S. House of Representatives	U.S. Senate
Passed the full House	Approved by Appropriations Committee

### U.S. House of Representatives

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On Wednesday, July 24, 2024, the U.S. House of Representatives voted 210 – 205 to pass the appropriations bill for Interior, Environment and Related Agencies ([H.R. 8998](#)) and [Committee Report](#) for fiscal year 2025.

### Funding

- Cuts topline annual federal funding for the SRF capitalization grants by 25% compared to the previous seven years.
- Diverts half of annual federal funding from SRF state priority projects to 895 projects in 295 of 465 congressional districts.
- Doesn't provide funding to administer congressional earmarks.
- Mandates at least 60% of annual federal funding be provided as grants or principal forgiveness,<sup>1</sup> instead of fiscally responsible SRF subsidized loans.

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<sup>1</sup> Includes grants for congressional earmarks and mandated SRF additional subsidy (grants and principal forgiveness) in the appropriations bill, Clean Water Act and Safe Drinking Water Act.

2025 House Appropriations						
Estimated Allocation	Clean Water	%	Drinking Water	%	Total	%
Capitalization Grant	\$1,203,013,000		\$883,515,000		\$2,086,528,000	
House Earmarks	(\$553,936,004)	46%	(\$479,541,446)	54%	(\$1,033,477,450)	50%
After Earmark	\$649,076,996		\$403,973,554		\$1,053,050,550	
Deductions <sup>2</sup>	(\$30,859,000)	3%	(\$28,203,000)	3%	(\$59,062,000)	3%
Available for SRFs	\$618,217,996	51%	\$375,770,554	43%	\$993,988,550	48%

### Policy

- Mandates the SRFs use a percentage of annual federal funding for additional subsidy in the form of grants, principal forgiveness or negative interest loans – 10% for the Clean Water SRFs and 14% for the Drinking Water SRFs.
- Eliminates the long-standing federal mandate that 10% of annual federal funding be used for eligible “green” projects as defined by EPA, also known as the Green Project Reserve (GPR).
- Waives federal procurement requirements for congressional earmarks.

### U.S. Senate

On Thursday, July 25, 2024, the U.S. Senate Appropriations Committee voted 28 – 1 to approve the appropriations bill for Interior, Environment and Related Agencies ([S. 4802](#)) and [Committee Report](#) for fiscal year 2025.

### Funding

- Maintains topline annual federal funding for the SRF capitalization grants which has remained static for the last seven years despite historic inflation.
- Diverts nearly \$605 million from the SRF state priority projects to 331 projects in just 38 of 50 states.
- Allows EPA to use \$19 million of the SRF capitalization grant, proportionately, to administer congressional earmarks, an estimated 3% of funding for congressional earmarks.
- Mandates at least 38% of annual federal funding be provided as grants or principal forgiveness,<sup>3</sup> instead of fiscally responsible SRF subsidized loans.

2025 Senate Appropriations						
Estimated Allocation	Clean Water	%	Drinking Water	%	Total	%
Capitalization Grant	\$1,638,861,000		\$1,126,101,000		\$2,764,962,000	
Senate Earmarks	(\$362,500,000)	22%	(\$242,391,000)	22%	(\$604,891,000)	22%
After Earmarks	\$1,276,361,000		\$883,710,000		\$2,160,071,000	
Deductions <sup>2</sup>	(\$66,053,000)	4%	(\$54,652,000)	5%	(\$120,705,000)	4%
Available for the SRFs	\$1,210,308,000	74%	\$829,058,000	74%	\$2,039,366,000	74%

<sup>2</sup> Includes estimated allocations to Tribes, Territories, Washington, D.C., and state 604(b) grants, and estimated administrative set-aside for American Iron and Steel, \$1.5 million for the Clean Watershed Needs Survey and \$12 million to monitor unregulated contaminants in drinking water.

<sup>3</sup> Includes grants for congressional earmarks and mandated SRF additional subsidy (grants and principal forgiveness) in the appropriations bill, Clean Water Act and Safe Drinking Water Act.

## Policy

- Mandates the SRFs use a percentage of annual federal funding for additional subsidy in the form of grants, principal forgiveness or negative interest loans – 10% for the Clean Water SRFs and 14% for the Drinking Water SRFs.
- Mandates that 10% of annual federal funding be used for eligible “green” projects as defined by EPA, also known as the Green Project Reserve (GPR).
- Allows EPA to provide funding to states to administer congressional earmarks with agreement from the states and recipients.

## Projected Outcome

The House and Senate will need to conference to reconcile differences in their respective appropriations bills. For the last three fiscal years, Congress has maintained topline funding for the SRFs and funded all congressional earmarks proposed by both the House and Senate.

If Congress continues that trend:

- 59% of annual federal funding for 2025 will be diverted from SRF state priority projects to congressional earmarks.
  - 56% of annual federal funding will be diverted from SRF clean water projects to congressional earmarks
  - 64% of annual federal funding will be diverted from SRF drinking water projects to congressional earmarks.
- At least, 68% of annual federal funding will be provided as grants or principal forgiveness instead of fiscally responsible, SRF subsidized loans.

2025 Senate and House Appropriations Combined						
Estimated Allocation	Clean Water	%	Drinking Water	%	Total	% <sup>4</sup>
Capitalization Grant	\$1,638,861,000		\$1,126,101,000		\$2,764,962,000	
House Earmarks	(\$553,936,004)		(\$479,541,446)		(\$1,033,477,450)	
Senate Earmarks	(\$362,500,000)		(\$242,391,000)		(\$604,891,000)	
Total Earmarks	(\$916,436,004)	56%	(\$721,932,446)	64%	(\$1,638,368,450)	59%
After Earmarks	\$722,424,996		\$404,168,554		\$1,126,593,550	
Deductions <sup>5</sup>	(\$45,988,000)	3%	(\$35,065,000)	3%	(\$81,053,000)	2%
Available for the SRFs	\$676,436,996	41%	\$369,103,554	33%	\$1,045,540,550	38%

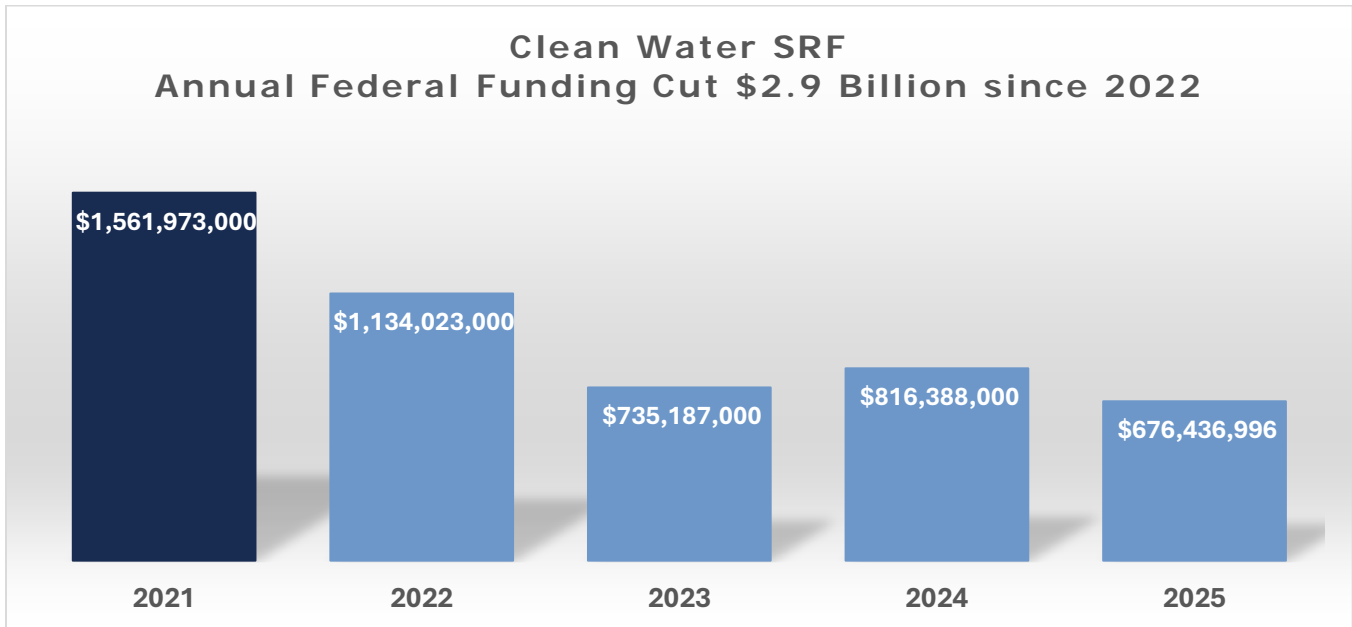
## Trendline

- Despite historic inflation that has caused construction costs to skyrocket, Congress hasn't increased topline annual federal funding for the SRF capitalization grants for seven years.
- Since congressional earmarks returned in 2022, Congress has diverted \$3.73 billion (45%) in annual federal funding from SRF state priority projects to congressional earmarks.

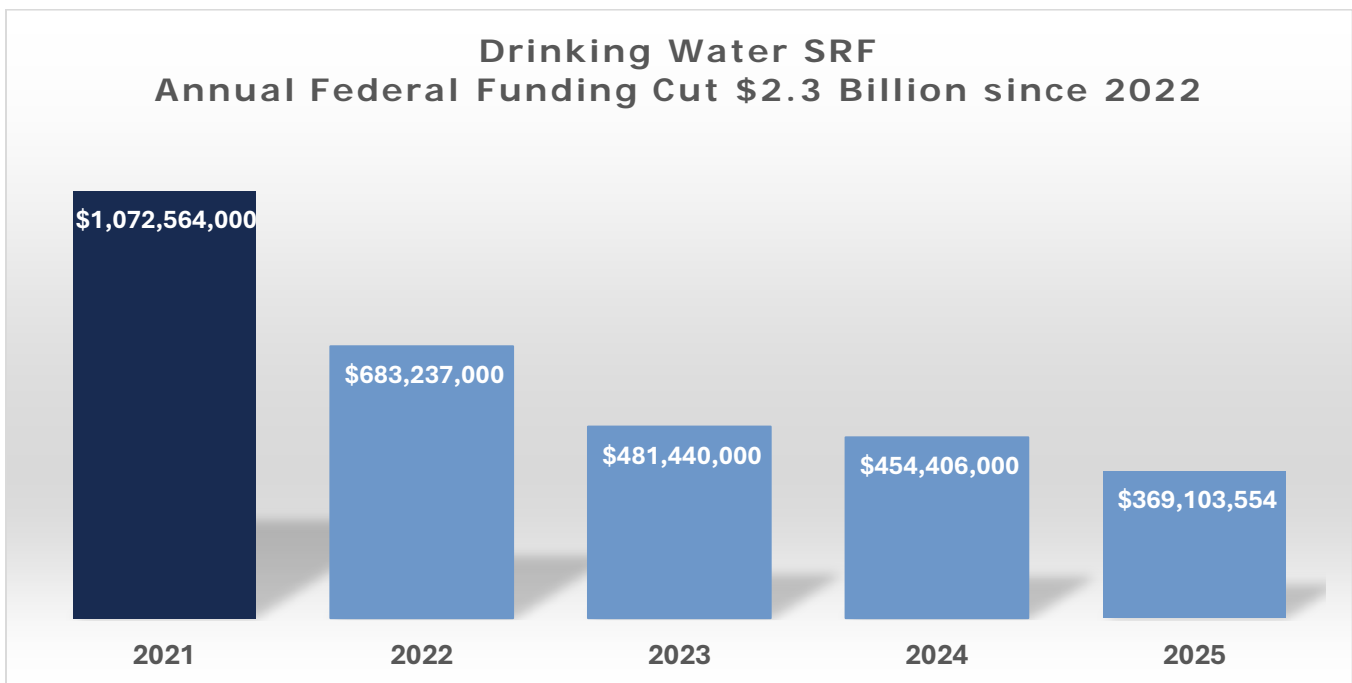
<sup>4</sup> Rounded.

<sup>5</sup> Deductions include estimated allocations to Tribes, Territories, Washington, D.C., and state 604(b) grants, and estimated administrative set-aside for American Iron and Steel, \$1.5 million for the Clean Watershed Needs Survey and \$12 million to monitor unregulated contaminants in drinking water.

- Because funding is being diverted, some states are experiencing a net loss of annual federal funding while other states are experiencing a significant net increase in annual federal funding.
- If the trend continues in 2025, the diversion of annual federal funding from the SRF loans to grants for congressional earmarks will total \$5.37 billion since 2022.



\*Reflects funding for the SRFs after deductions for Tribes, Territories, Washington, D.C., EPA administration and congressional earmarks. 2025 is an estimate.



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