



Backgrounder on Annual Federal Funding for Water Infrastructure

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Congress is diverting annual federal funding from state loan programs for water infrastructure to create a massive new federal grant program for congressionally selected projects.

Over the last three years, Congress has diverted \$3.73 billion in annual federal funding (45%) from fiscally responsible state-run loan programs for water infrastructure to create a massive new federal grant program for congressional earmarks at the U.S. Environmental Protection Agency (EPA).

Most states are losing federal funding because congressional earmarks don't offset cuts to annual federal funding for the SRFs. Since earmarks returned in 2022, **33 states** have experienced a **net loss** in annual federal funding, which includes funding for state SRFs *and* congressional earmarks. Three states haven't received any congressional earmarks.

Federal Funding	Clean Water	Drinking Water	Total	Percent
Capitalization Grant	4,916,548,000	3,378,290,000	8,294,838,000	
Congressional Earmarks	(2,094,399,960)	(1,638,681,848)	(3,733,081,808)	45%
Other Deductions	(136,550,040)	(120,525,152)	(257,075,192)	3%
Funding for the SRFs	2,685,598,000	1,619,083,000	4,304,681,000	52%

The Clean Water and Drinking Water SRFs are fiscally responsible state-run programs.

Congress is diverting annual federal funding from the Clean Water and Drinking Water SRFs, which are the nation's premier programs for funding water infrastructure that protects public health and the environment. The SRFs are state-run programs that provide subsidized loans (loans with discounted interest rates) to build infrastructure that provides safe drinking water, recycled water, wastewater services and stormwater management. SRF projects are selected based on state priorities for reducing risk to human health, increasing protection of water quality and addressing affordability.

The SRFs are fiscally responsible, sustainable programs. In the near term, SRF subsidized loans save communities up to 75% in interest payments compared to financing in the municipal market, savings which can help maintain more affordable water bills. In the long term, SRF loan repayments create a permanent source of recurring revenue for the SRFs to meet the never-ending need to rehabilitate, replace and modernize aging infrastructure. Annual federal funding today will finance multiple water infrastructure projects for future generations.

Congress has created a zero-sum game for water infrastructure that jeopardizes public health.

For the last three years, Congress has maintained top-line federal funding for water infrastructure but redistributed that funding from state loan programs to provide grants directly to water infrastructure projects in select congressional districts.

Congress is bypassing federal law which establishes the process for allotting federal funding for the SRFs. The allotment formula for the Clean Water SRFs is established in the Clean Water Act; the Safe Drinking Water Act requires the allotment formula for the Drinking Water SRFs to be based on a quadrennial survey of needs.

For example, Congress has cut more than \$105 million in annual federal funding in Texas to pay for congressional earmarks in other states. Below are the states that have seen the biggest gains and biggest losses in annual federal funding for water infrastructure (funding for the SRFs and congressional earmarks combined). [See how the return of congressional earmarks impacts each state.](#)

Top Ten States	Net Loss (2022-2024) (SRFs plus earmarks)		Top Ten States	Net Gain (2022-2024) (SRFs plus earmarks)
Texas	(\$105,590,588)		West Virginia	\$154,884,678
Indiana	(\$69,623,744)		Alaska	\$93,356,000
Pennsylvania	(\$45,751,909)		Maine	\$76,771,967
Puerto Rico	(\$43,045,000)		Oklahoma	\$62,305,281
Missouri	(\$40,551,973)		Mississippi	\$60,549,424
Illinois	(\$36,556,397)		Oregon	\$52,450,454
Tennessee	(\$34,494,416)		California	\$51,091,363
Iowa	(\$33,354,000)		Nevada	\$41,136,749
Wisconsin	(\$30,948,503)		Washington	\$37,674,652
Maryland	(\$30,019,856)		South Carolina	\$32,076,000

Save the SRFs!

National, state and local organizations, utilities and communities across the nation have taken a pledge to advocate for funding the SRFs at congressionally authorized levels of \$3.25 billion, each, for fiscal year 2025. [Learn more about the initiative.](#)