



July 24, 2024

The Honorable Michael Bennet  
261 Russell Senate Building  
Washington, D.C. 20510

The Honorable Brittany Pettersen  
1230 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Kevin Cramer  
313 Hart Office Building  
Washington, D.C. 20510

The Honorable Kelly Armstrong  
2235 Rayburn HOB  
Washington, D.C. 20515

Dear Senators Bennet, Cramer, and Representatives Armstrong and Pettersen:

On behalf of communities across the nation, thank you for your leadership in urging congressional appropriators to restore annual federal funding and financial integrity to the Clean Water and Drinking Water State Revolving Funds (SRFs). The SRFs community is grateful for your efforts, which have elevated the importance of the issue.

More than 35 years ago, Congress had the foresight to replace a costly, cumbersome and limited federal grant program with the SRFs, state-run programs that offer low interest loans for a wide range of water infrastructure projects that protect public health. Since then, the SRFs have used \$83 billion in federal funding to generate \$229 billion in financial assistance for more than 68,500 projects in thousands of communities across the nation.

Because of this investment, hundreds of millions of Americans have safe drinking water and sanitary wastewater services as well as access to lakes and rivers that are safe for fishing and swimming. Families and small businesses in rural and urban communities across the country are also benefitting from lower water bills because SRF low-cost financing made investments in water infrastructure more affordable.

Because of Congress' commitment to annual federal funding over the last three decades, SRFs have more than \$94 billion in recurring revenue from loan repayments to fund thousands of new water projects to protect the health of our children and grandchildren. Every federal dollar used for SRF loans grows this permanent and protected source of revenue to meet the never ending need to rehabilitate, replace and modernize aging infrastructure.

However, the purchasing power of these revolving fund shrinks every year due to higher inflation and the skyrocketing costs of meeting increasingly stringent water quality standards and regulations, such as replacement of lead service lines and treatment of perfluoroalkyl and polyfluoroalkyl substances (PFAS). To maintain protection for public health and the environment, communities will need to invest \$1.255 trillion in water infrastructure over the next 20 years,

according to the results of most recent surveys conducted by states and the U.S. Environmental Protection Agency.<sup>1</sup>

Despite the need, Congress hasn't increased annual federal funding for the SRFs in seven years, and over the last three years, has diverted \$3.73 billion (45%) in annual federal funding from the SRF loans to grants for congressional projects. Under this new model, most states like Colorado and North Dakota have lost tens of millions in net annual federal funding,<sup>2</sup> while a select number of other states have experienced massive windfalls.

The end of one-time funding in the Infrastructure Investment and Jobs Act (IIJA) in two years creates a funding cliff for utilities. Without annual federal funding, SRFs will be unable to provide grants and principal forgiveness to communities that can't afford a project or qualify for a bond in the municipal market. Draconian cuts to annual federal funding will reduce access to affordable financing, creating a credit crunch that forces communities to issue bonds at the highest interest rates in a generation. These higher costs will be paid by families with higher water bills or will delay maintenance which increases the risk to public health.

Again, on behalf of the Clean Water and Drinking Water SRFs and the communities served by these programs, thank you for your efforts. Funding the SRFs at congressionally authorized levels of \$3.25 billion, each, for fiscal year 2025 and establishing a separate and sustainable source of funding for congressional projects would avert this coming funding cliff and keep water infrastructure projects on track, on time and on budget.

Sincerely,

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.

Board of Directors, Officers:

- President: Angela Knecht, Florida Department of Environmental Protection
- Vice President: William Carr, Kansas Department of Health and the Environment

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<sup>1</sup> The EPA's 2022 Clean Watershed Needs Survey Report to Congress stated the need for investment in wastewater, stormwater, decentralized and other infrastructure is \$630.1 billion. The EPA's 7th Drinking Water Infrastructure Needs Survey and Assessment, released in 2023, indicated the need for investment in drinking water infrastructure is \$625 billion.

<sup>2</sup> Net federal funding is annual federal funding for the SRFs plus funding for congressional projects.

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