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The National Association of Clean Water Agencies (NACWA)

SUBMITTED FOR THE RECORD TO THE:

House Subcommittee on Water Resources & Environment:
Committee on Transportation & Infrastructure

Water Infrastructure Financing: WIFIA and the Clean Water State Revolving Fund

March 11, 2025

Thank you, Chairman Collins, Ranking Member Wilson, and esteemed Members of the House Subcommittee on Water Resources & Environment, for convening this crucial hearing today. As the national voice for the public clean water sector and on behalf of our nearly 360 public wastewater and stormwater utility members across the country, the National Association of Clean Water Agencies (NACWA) thanks you for your leadership on clean water issues and appreciates the opportunity to submit written testimony ahead of the Subcommittee's hearing - "Water Infrastructure Financing: WIFIA and the Clean Water State Revolving Fund."

NACWA is pleased that the Subcommittee is examining these two critical infrastructure funding programs. The 119th Congress faces the responsibility both to provide annual funding for and reauthorize the Water Infrastructure Finance and Innovation Act (WIFIA) program and the Clean Water State Revolving Fund (CWSRF) program. Failure to act would put municipal clean water projects at risk and increase costs for ratepayers across the country.

NACWA urges the Subcommittee and the full Transportation & Infrastructure Committee to continue their historic strong support of the CWSRF and WIFIA, and to prioritize reauthorization of these programs at even higher amounts before the end of this Congress.

This hearing comes at a critical time. Public clean water agencies are seeing costs rise across the board. Their customers – the households and businesses that rely on them daily – are enduring rising rates, and water bills are increasingly becoming unaffordable for many. Meanwhile, clean water agencies see looming challenges they will be called upon to address, such as PFAS, and ensuring their systems are protected and resilient in the face of natural and manmade threats such as extreme weather and cyberattacks.

NACWA wishes to underscore the pivotal role these programs play in enabling local utilities to undertake essential infrastructure projects affordably, thereby fostering economic activity and creating jobs nationwide. The role of the CWSRF and WIFIA programs is simple: they enable local utilities to implement critical water infrastructure projects at lower cost, advancing the continued delivery of clean and safe water across the country. Without access to the CWSRF and WIFIA, projects that leverage these programs would face higher borrowing costs and might otherwise be financially unfeasible.

Established by the 1987 amendments to the Clean Water Act, the CWSRF program has been instrumental in helping clean water agencies implement critical water quality improvement projects nationwide. These include the construction of municipal wastewater facilities, nonpoint source pollution control, and stormwater runoff mitigation, among others. The CWSRF empowers states to address the highest-priority water quality investment needs facing local communities and utilities.

Over the last 36 years, the CWSRF has provided over \$172 billion to communities through more than 48,900 low-interest loans.¹ This substantial investment has not only enhanced public health and environmental quality but has also stimulated economic growth by creating jobs and supporting local economies.

Complementing the CWSRF, the WIFIA program offers long-term, low-cost supplemental loans for regionally and nationally significant water infrastructure projects. By providing credit assistance at U.S. Treasury rates, WIFIA effectively lowers the cost of capital for borrowers, enabling local utilities to finance large-scale projects that might otherwise face funding challenges.

Since its launch, the WIFIA program has closed 120 loans totaling \$19 billion, facilitating the financing of \$43 billion in water infrastructure projects. These investments have resulted in estimated savings of over \$6 billion for borrowers and their ratepayers and have created approximately 143,000 jobs.² WIFIA has filled a critical funding gap to ensure that projects of regional and national significance can advance at affordable rates and at relatively low cost to the federal government and taxpayers.

Together, the investments made possible by the CWSRF and WIFIA programs continue to yield significant economic returns. The programs support the construction and rehabilitation of critical water infrastructure, leading to local job creation, improved public health outcomes, enhanced environmental protection, and better economic development for local communities. The CWSRF and WIFIA programs are essential programs that have a proven record of empowering local utilities to make essential investments in water infrastructure.

¹ EPA. Clean Water State Revolving Fund (CWSRF). [<https://www.epa.gov/cwsrf>]

² EPA. WIFIA 2023 WIFIA Annual Report. [https://www.epa.gov/system/files/documents/2024-03/final_wifia_2023_annual_report.pdf]

In the coming years, NACWA is concerned that the viability and accessibility of the CWSRF that communities have come to rely on could be threatened. Chief among our concerns is that federal investment has not kept pace with the rising costs of clean water investment.

The Bipartisan Infrastructure Law provided a one-time, much needed infusion to the CWSRF, but those funds will end after Fiscal Year 2026. In the meantime, Congressionally Directed Projects (CDPs) have come to take up an increasingly significant portion of the CWSRF top-line funding.

Clean and safe water projects have proven to be especially popular types of CDPs. CDPs are grant projects, meaning that unlike loans, they are not eventually repaid to revolve to new borrowers. This dilemma underscores both how critical and popular investing in water is with local constituents. But without a significant increase in total SRF funding, these projects threaten the viability of the state programs and the ability of communities to access financing.

The Bipartisan Infrastructure Law also accelerated an approach to using the SRFs for specific priority goals. For example, BIL provided \$43.54 billion total through the CWSRF and DWSRF, but \$20 billion went toward specific uses of addressing lead and PFAS. These amounts may not necessarily reflect the greatest needs in particular states. This specific directive builds on other set-asides like the green project reserve. While each of these project types is a worthy federal investment need, the end result is the same -- less funding going to the states to revolve.

As Congress grapples with these challenges over the coming session, we urge lawmakers to work closely with the municipal clean water community who are the borrowers and direct recipients of these critical programs. NACWA urges the Subcommittee to recognize the critical importance of the CWSRF and WIFIA and to continue supporting their robust funding and implementation. NACWA also strongly urges the Subcommittee to reauthorize these programs, especially the CWSRF, at even higher amounts before the end of the current Congress and before the supplemental funding from the BIL expires.

Thank you again for your focus on the CWSRF and WIFIA programs. NACWA is more than happy to answer any questions regarding these programs or put members of the Committee in touch with utilities who can speak to the programs' success.