

**National Association of Clean Water Agencies (NACWA)
Written Testimony Submitted to U.S. House Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies
Regarding FY 2026 U.S. Environmental Protection Agency (EPA) Funding**

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The National Association of Clean Water Agencies (NACWA) represents over 360 public wastewater and stormwater utility members nationwide who provide essential clean water services to more than 150 million Americans daily. These utilities serve communities large and small, urban and rural, in nearly every state and work around the clock to protect public health and the environment and support economic growth.

Providing essential clean water services comes with significant challenges, including:

- Reinvesting in aging infrastructure;
- Managing escalating operation and maintenance costs amid supply chain and labor disruptions;
- Attracting and retaining a skilled workforce;
- Addressing new regulatory requirements including those related to per- and polyfluoroalkyl substances (PFAS), other emerging contaminants, and nutrient management; and
- Adapting and enhancing climate resilience and system security to mitigate risks including from extreme weather and cyber threats.

In the face of these rising costs and operational challenges, public clean water utilities remain steadfast in their commitment to delivering high-quality services while striving to keep rates affordable for families and businesses.

Infrastructure Investment and Jobs Act (IIJA) Implementation

Congress's direct appropriations for clean water under the IIJA have provided a much-needed infusion of investment. Maintaining annual appropriations at the fully authorized levels is vital to ensure that the IIJA investments remain additive to baseline investment. To ensure communities can continue providing reliable wastewater and stormwater services, we urge Congress to fully appropriate the clean water programs authorized and reauthorized under the IIJA.

NACWA's FY26 Priorities

NACWA respectfully requests the Subcommittee's consideration of the following funding priorities for FY26:

Clean Water State Revolving Fund (CWSRF)

The CWSRF is the primary federal financing tool for communities and public clean water utilities to meet their Clean Water Act (CWA) obligations and infrastructure needs. Over its 40-

year history, the CWSRF has been instrumental in improving water quality and protecting public health. Continued reliable and sustainable funding is crucial to preserving these water quality gains. EPA's newly updated Clean Watersheds Needs Survey estimates a staggering \$630 billion in wastewater and stormwater infrastructure needs over the next 20 years—a 73% increase from a decade ago. The majority of this investment will come from local communities and ratepayers—and federal investment through the CWSRF must play an integral role in helping communities access funding and financing more affordably.

While the IIJA provided a five-year infusion of additional funds into the CWSRF, Congress intended these funds to supplement—not replace—annual appropriations. NACWA strongly urges full funding at the IIJA-authorized level of \$3.25 billion for FY26.

Additionally, NACWA urges that Congressionally Directed Spending for local water projects be additive to the CWSRF appropriation rather than deducted from the CWSRF total appropriation, as this can significantly reduce the dollars sent to the states and made available through the revolving loan funds. This will ensure that all communities retain access to vital SRF financing.

To help support technological innovation, NACWA requests language allowing states to use up to five percent of CWSRF funds for projects utilizing proven or emerging clean water technologies that optimize treatment operations and enhance public health and environmental outcomes.

Sewer Overflow and Stormwater Reuse Municipal Grants (OSG) Program

The Sewer Overflow and Stormwater Reuse Municipal Grants program provides rare federal grant funding to help communities manage combined sewer overflows, sanitary sewer overflows, and stormwater flows. Given the enormous financial burden these issues place on utilities—particularly those under federal consent decrees—NACWA strongly supports full funding at the reauthorized level of \$280 million in FY26.

Water Infrastructure Finance and Innovation Act (WIFIA) Program

WIFIA complements the SRFs by accelerating significant water infrastructure investments with low-cost federal loans. NACWA supports at least \$75.6 million in FY26 for WIFIA, restoring funding to FY23 levels, and \$5 million for SWIFIA, which helps states bundle projects to expand financing access for small and rural communities.

Water Affordability

The EPA's recent Water Affordability Needs Assessment Report estimates that between 12 million and 19 million households nationwide lack access to affordable water services. The agency further projects that the cost of unaffordable clean and drinking water bills ranges from \$5.1 billion to \$8.8 billion annually. These findings align with 2023 research led by NACWA and the water sector, which estimated that up to 20 million households face water affordability challenges, amounting to as much as \$8 billion annually. NACWA urges the Subcommittee to encourage EPA to prioritize addressing this growing affordability crisis and to continue to closely track water affordability needs through regular reporting.

Integrated Planning (IP) Support

Integrated Planning, codified in the CWA in 2018, helps communities control regulatory compliance costs by providing a framework through which they can prioritize critical clean water investments while maximizing environmental benefits. To continue EPA's support of this framework, NACWA requests \$2 million in FY26 for technical assistance to state regulators and communities incorporating IP into permitting and enforcement programs.

Water Workforce Development

The public clean water sector offers stable, fulfilling career opportunities, but workforce shortages remain a significant challenge. NACWA supports EPA's Water Workforce Infrastructure Development Grant Program and requests \$6 million in FY26, equal to the FY23 allocation, to help utilities recruit and train the next generation of water professionals.

Clean Water Infrastructure Resilience and Sustainability Program

As utilities grapple with the impacts of climate change and extreme weather, targeted investments are needed to enhance infrastructure resilience. NACWA requests \$25 million in FY26 to fully fund this IJA-established program.

Publicly Owned Treatment Works (POTW) Connection Grants

Expanding access to centralized wastewater services protects water quality and public health, especially in rural communities. NACWA supports \$40 million in FY26 for EPA's POTW connection grants, helping underserved communities transition from decentralized systems to municipal wastewater treatment.

Small POTWs Efficiency Grants

To assist small communities in improving operational efficiency and reducing energy and water use, NACWA urges funding for the Small POTWs Efficiency Grant Program authorized under the IJA.

Household Decentralized Wastewater Grants

NACWA supports \$50 million in FY26 for grants to nonprofit organizations to help low- and moderate-income households install, repair, or replace decentralized wastewater systems.

PFAS Research Support

Public clean water utilities are highly concerned about PFAS contamination and its impact on treatment processes and biosolids management. NACWA urges strong funding for EPA's scientific research on PFAS exposure, toxicity levels, and treatment technologies.

Additional Key Programs

NACWA also supports robust funding for:

- EPA's Geographic Programs, which invest in critical watershed-based solutions;

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- Section 319 Nonpoint Source Grants, which address nonpoint source pollution, the largest remaining driver of water quality impairments; and
- EPA's National Priorities Water Research Grant Program, which funds timely research on critical water quality issues.

In conclusion, investing in clean water infrastructure is vital to protecting public health, ensuring environmental sustainability, and fostering economic growth. While we are highly cognizant of constraints on federal funding, we also firmly believe that investing in clean water and ensuring communities have the resources they need to comply with their Clean Water Act requirements is a core federal responsibility. NACWA appreciates the Subcommittee's leadership and urges full funding of these critical programs in FY26. We stand ready to work with Congress to ensure communities have the resources to meet their clean water challenges.