

Congress of the United States
Washington, DC 20515

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The Honorable Jeff Merkley
Chairman
Subcommittee on Interior, Environment, and
Related Agencies
Senate Committee on Appropriations
Washington, DC 20515

The Honorable Lisa Murkowski
Ranking Member
Subcommittee on Interior, Environment, and
Related Agencies
Senate Committee on Appropriations
Washington, DC 20515

The Honorable Mike Simpson
Chairman
Subcommittee on Interior, Environment, and
Related Agencies
House Committee on Appropriations
Washington, DC 20515

The Honorable Chellie Pingree
Ranking Member
Subcommittee on Interior, Environment, and
Related Agencies
House Committee on Appropriations
Washington, DC 20515

Dear Chairman Merkley, Ranking Member Murkowski, Chairman Simpson, and Ranking Member Pingree:

We write concerning current state allocations for the Clean Water and the Drinking Water State Revolving Funds (SRF), which were reduced as a result of redirecting funds to the Community Project Funding and Congressionally Directed Spending (CPF/CDS) process. The CPF/CDS process is part of federal aging water infrastructure financing programs; however, if broader SRF resources continue to be diverted to CPF/CDS, states will experience significant shortfalls in funding water infrastructure projects.

As you begin to develop the Fiscal Year 2025 (FY25) Interior, Environment, and Related Agencies Appropriations bill, we urge the Committee to take two steps. First, increase funding for SRFs to account for CPF/CDS. Second, provide a more sustainable funding source for critical water projects through the CPF/CDS process, particularly one that does not siphon funds from essential projects reliant on SRF financing.

The SRFs have been the principal water financing programs for more than three decades, supporting water infrastructure projects – such as drinking water, wastewater, and stormwater projects – through low-cost loans and limited grants to underserved communities to cities and towns across our nation. These funds have been critical to expand access to clean water, modernize aging water infrastructure, and safeguard our public health. After Congress resumed the CPF/CDS process in the 117th Congress, annual Appropriations Acts reduced funding for state SRFs by more than \$3.7 billion in FY22, FY23, and FY24 to fund CPF/CDS.

In FY22 and FY23, 56% of funds for both SRFs in aggregate were diverted to CPF/CDS (not including supplemental appropriations in the Bipartisan Infrastructure Law (BIL)); meaning that during this time, only 44% of SRF funds supported low-cost loans and limited grants for water infrastructure projects. In FY24, Congress provided a total of \$2,764,962,000 for the SRFs. Of this amount, 51.3% or \$1,419,312,172 was dedicated to CPF/CDS. If funding shortfalls and

diversions continue, a major lifeline of our federal water infrastructure funding will run dry at a time when costs for infrastructure, design, and planning are skyrocketing.

Congress made a concerted effort to invest in our aging water infrastructure through the BIL. The law seeded \$43 billion for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, funding a critical boost for dire repairs. However significant, this historic one-time infusion will eventually run out. SRFs pay dividends for our water infrastructure and are necessary to further BIL investments. For these reasons, we urge the Committee to invest in sustainable funding sources for SRFs.

We are grateful for the Committee's commitment to fund our nation's clean water and drinking water infrastructure through the annual Appropriations process, but we are increasingly concerned about SRFs' solvency in years to come. Through the FY25 Interior, Environment, and Related Agencies Appropriations bill, we urge the Committee to ensure the longevity of SRFs by fully funding the programs and to provide a more sustainable funding source for CPF/CDS.

Thank you for your consideration of this request.

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