



December 12, 2023

The Honorable Joseph R. Biden
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Fiscal Year 2025 Budget for the Clean Water and Drinking Water State Revolving Funds

Dear President Biden:

The undersigned organizations urge you to fully fund the Clean Water and Drinking Water State Revolving Funds (SRFs) at \$3.25 billion, each, in your Fiscal Year 2025 Budget.

Clean water is foundational to protecting public health.

Fully funding the SRFs will expand access to affordable financing for water infrastructure that protects public health. SRF subsidized loans fund infrastructure that provides safe drinking water, recycled water, wastewater services, stormwater management and environmental protection in thousands of communities around the nation every year. Without increased federal funding for this critical public health infrastructure, the risk of exposure to preventable diseases from poor water quality and water scarcity will increase for millions of Americans.

The demand for affordable SRF financing has increased exponentially in recent years.

Increased federal funding is needed to meet the growing demand for SRF subsidized loans, which has skyrocketed due to the increased cost of planning, design, construction and financing.

- Budgets for water infrastructure projects have increased by as much as 40% in just the last five years. While historic inflation has ebbed, the cost of planning, design and construction remains well above pre-pandemic levels, particularly in rural communities that can least afford it.
- In addition to repairing and replacing aging infrastructure, complying with more stringent water quality standards requires new investments in sophisticated and often expensive treatment technologies.
- Higher construction costs are compounded by higher financing costs from rising interest rates on the municipal market. The cost of borrowing has become a barrier to needed investment in water infrastructure.

Additionally, reliable annual federal appropriations are directly linked to an SRF's ability to:

- Maintain low interest rates on SRF subsidized loans to keep financing affordable.
- Provide principal forgiveness and grants to communities that couldn't otherwise afford to build the water infrastructure needed to protect public health.
- Issue bonds to leverage their programs to meet higher demand for financing.
- Supplement state and local water quality programs that protect the sources of drinking water and train staff at local water utilities.
- Provide technical assistance to help small and rural communities comply with water quality standards, build physical, financial and operational resiliency, and develop water infrastructure projects.
- Build a permanent pool of loan repayments that can provide affordable financing for water infrastructure projects in the future.

Congressional reauthorization of the SRFs reaffirmed the need for increased federal funding for water infrastructure.

The bipartisan Infrastructure Investment and Jobs Act of 2021 (IIJA) reauthorized the SRFs at increased annual appropriations from 2022 to 2025. However, Congress has maintained annual funding for the SRFs at pre-IIJA levels – \$1,638,826,000 for the Clean Water SRFs and \$1,126,088,000 for the Drinking Water SRFs – for the last three years.

Moreover, over the last two years, Congress has diverted more than \$2.3 billion in annual federal funding from SRF state priority projects to pay for congressional earmarks. SRFs have been forced to use short-term supplemental funding in the IIJA to backfill these cuts, significantly undermining the transformational power of this landmark legislation.

America needs leadership to protect public health.

Mr. President, fully funding the Clean Water and Drinking Water SRFs in your 2025 budget request is the first step to keeping the promise of providing clean water and safe drinking water to the American people. Please set an example for Congress to follow.

Thank you for your consideration.

Sincerely,

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- American Public Works Association ([APWA](#)), Ryan McManus, rmcmanus@apwa.net
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- Association of Metropolitan Water Agencies ([AMWA](#)), Dan Hartnett, hartnett@amwa.net

- Association of State Drinking Water Administrators ([ASDWA](#)), Alan Roberson, aroberson@asdwa.org
- Council of Infrastructure Financing Authorities ([CIFA](#)), Deirdre Finn, dfinn@cifanet.org
- Environmental Council of the States ([ECOS](#)), Ben Grumbles, bgrumbles@ecos.org
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