ASSOCIATION OF CLEAN WATER ADMINISTRATORS



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Summary: Impacts of FY 2026 Budget Proposal on State Water Programs

The proposed elimination/ reduction of State and Tribal Assistance Grants (STAG), particularly Clean Water Act (CWA) Sec. 106, 319, and 604(b), would have profound effects on state/interstate (herein after "states") water programs across the country. These grants currently support essential water quality programs including permitting, compliance, enforcement, monitoring, nonpoint source pollution control, and watershed planning. State programs report that the loss of these critical funds will detrimentally impact state public health, the environment and growing economies.

Key Impacts if STAG Funding Is Eliminated

- **Program Collapse**: Many states report that entire sections or bureaus would cease to function, including those responsible for water quality standards, Total Maximum Daily Loads (TMDLs), nonpoint source pollution, monitoring, and enforcement.
- Loss of Authority: Some states may no longer meet federal requirements to retain authority for programs such as the National Pollutant Discharge Elimination System (NPDES) and Drinking Water programs.
- **Staff Layoffs**: Elimination of these grants would lead to significant staff reductions, sometimes by over 90%, affecting both state agency personnel and local project staff supported through pass-through funding.
- **Reduced Monitoring and Oversight**: Ambient water quality monitoring, watershed assessments, and enforcement would be drastically reduced, leaving gaps in regulatory oversight and public health protections.
- Halted Projects: Ongoing nonpoint source projects, watershed restoration, permit support, stream/wetland restoration, and flood resilience planning would stop or be delayed, potentially worsening water pollution and impeding economic development.
- **Economic Impacts**: Funding loss could harm local economies reliant on recreational waters, tourism, and agriculture, while also stalling infrastructure and permitted projects due to regulatory delays.

Historical Dependence on STAG Funding

States indicated that the absence of these funds over the past decade would have led to:

- A failure to meet federal program obligations.
- A lack of progress in water quality improvements.

- Lost opportunities for infrastructure investment and pollution reduction.
- Inability to generate important water quality data and conduct public health protection efforts (e.g., fish consumption advisories, swimming safety).
- Reduced capacity for community and agricultural engagement in conservation practices.

Potential Outcomes with Full Funding

If fully funded, states would:

- Expand monitoring for contaminants like PFAS and harmful algal blooms.
- Improve permitting and compliance timelines.
- Restore and protect more waterbodies through targeted projects.
- Increase community resilience to storm events via wetland and floodplain restoration.
- Enhance outreach and education programs.
- Provide greater support to small and rural communities for regulatory compliance.

Additional Concerns and Comments

States emphasize that:

- Flat or declining funding, combined with inflation, is already eroding program capacity.
- STAG funding is vital not just for compliance, but for broader environmental, public health, and economic goals.
- Federal investments are necessary to sustain the progress made under the Clean Water Act and ensure continued protection of the nation's waters.

Detailed Summary

1. What would be the impact if STAG funding (CWA Sections 106, 319, 604(b), etc.) were eliminated?

The elimination of STAG funding would result in widespread disruption to state water programs. Key impacts include:

- **Program Reductions or Shutdowns**: Many states would be forced to significantly reduce or entirely eliminate core functions like permitting, compliance, monitoring, enforcement, standards development, watershed planning, and nonpoint source pollution control putting states and EPA at risk for increased 3rd party litigation.
- Loss of Staffing Capacity: Some programs would lose up to 100% of their staff in key areas, such as TMDL development, integrated reporting, nonpoint source implementation, and water quality standards. This would lead to layoffs of dozens of staff at both the state and local levels.

- **Permitting Delays**: Without funding, states report that issuance and renewal of NPDES permits would slow significantly. This would create regulatory uncertainty for municipal and industrial dischargers, delay infrastructure investment, and inhibit economic development.
- Reduced Monitoring: States report that ambient water quality monitoring, emerging contaminant surveillance (e.g., PFAS), and bacteria or nutrient assessments would be curtailed or stopped entirely, reducing the data available for public health protection, regulatory decisions, and waterbody assessments.
- **Program Delegation at Risk**: States would struggle to meet federal Clean Water Act requirements, potentially leading to the loss of primacy or delegated authority to implement NPDES, Drinking Water, or 401 certification programs.
- Impacts to Watershed Projects and Resilience Planning: Some states report that elimination of funding would halt watershed-based planning, restoration efforts, flood resilience strategies, and other nonpoint source pollution mitigation projects, many of which are critical for agricultural regions.
- Loss of Technical Support and Tools: States would lose access to EPA staff expertise, analytical tools, national databases, and training resources. This would hinder technical progress in water quality planning and impair interagency coordination.

2. How would your program look different today if these funds had not been available over the past ten years?

Without STAG funding over the past decade, states would have experienced:

- **Diminished Regulatory Capacity**: Many states would not have met federal obligations, lost primacy over water programs, or reverted oversight to EPA. Compliance monitoring, data collection, and enforcement activities would have suffered.
- Environmental Degradation: Water quality conditions could have worsened due to fewer monitoring efforts, reduced restoration projects, and increased pollution loads, especially in impaired waterbodies and nonpoint source areas.
- **Public Health Risks**: The lack of monitoring data would mean inadequate advisories for swimming, fishing, and drinking water use. Programs supporting rapid bacterial testing, fish tissue analysis, and stormwater controls would have been undeveloped or missing.
- **No Local Project Support**: Watershed-based planning groups, stream and wetland restoration efforts, and nonpoint source education campaigns would not have existed or would be far more limited, reducing community engagement and implementation of best practices.

• Lost Economic and Infrastructure Benefits: Regulated facilities would have lacked regulatory clarity, delaying compliance investments. Small towns and rural areas would have faced higher costs and legal risks from uncoordinated or last-minute compliance mandates.

3. If your program were fully funded, what additional outcomes or improvements could you achieve?

Full funding would allow states to expand, enhance, and modernize their water programs:

- Expanded Monitoring and Technology Upgrades: Several states suggested that more comprehensive sampling for emerging pollutants, real-time sensors, and rapid testing technologies could be deployed statewide. Monitoring would cover more parameters and locations.
- **Restoration Projects**: Some states reported that additional stream, wetland, and watershed restoration projects could be initiated, improving water quality and enhancing habitat, especially in urban and underserved communities.
- **Timelier Permitting and Compliance**: States report that they could reduce permit backlogs, improve turnaround times, and offer better assistance to regulated entities, especially small communities that face capacity issues.
- **Proactive Planning and Coordination**: Some states report that more funding would support long-term watershed-based planning, data analysis, and stakeholder engagement. It would enhance interagency coordination, especially in stormwater and flood resilience initiatives.
- Economic and Public Health Gains: Several states reported that more responsive regulatory environments would benefit economic development, help communities meet clean water goals, and protect recreational and drinking water sources.
- Education and Outreach Expansion: States would train more teachers, engage more residents, and build a stronger foundation for citizen science and stewardship in water quality.

4. Do you have any additional comments you would like to share regarding this issue?

Respondents expressed serious concern about both current and potential future reductions in STAG funding:

- **Flat Funding and Inflation**: Even without cuts, flat funding has eroded capacity due to rising costs. Further reductions would severely undermine decades of water quality progress.
- **Central Role of Federal Investment**: STAG grants are not just regulatory tools—they are essential to supporting local economies, protecting public health, and maintaining intergovernmental partnerships that make clean water efforts possible.
- **Ripple Effects Across Agencies and Communities**: Funding cuts would disrupt local watershed groups, technical assistance providers, and agricultural conservation partnerships. The impact would be immediate and widespread.

• Loss of Programmatic Momentum: Many states warned that eliminating these funds would unravel the collaborative, locally led nonpoint source reduction frameworks built over years and jeopardize compliance with federal mandates.