



April 14, 2026

Representatives Simpson and Pingree
House Appropriations Committee
Subcommittee on Interior, Environment and Other Related Agencies
Via email: IN.Approp@mail.house.gov

RE: Written Testimony — FY 2027 Appropriations, Interior, Environment and Related Agencies Subcommittee

Chairman Simpson and Ranking Member Pingree:

As you begin deliberations on Fiscal Year 2027 Appropriations, the members of the Association of Clean Water Administrators (ACWA) respectfully urge you and your colleagues to maintain federal support for state Clean Water Act (CWA) programs funded through this Subcommittee's bill. Specifically, ACWA urges you to preserve funding for CWA §106 Water Pollution Control Grants, §319 Nonpoint Source Grants, §604(b) Water Quality Management Planning Grants, the State Revolving Funds (SRF), and the geographic water body restoration programs. At a minimum, ACWA requests that Congress fund these programs at FY 2026 enacted levels.

ACWA is the independent, nonpartisan, national organization of state, interstate, and territorial surface water quality program directors responsible for the day-to-day implementation of the CWA's water quality programs. When Congress enacted the CWA in 1972, it established states and interstates as cooperative partners bearing primary responsibility for on-the-ground implementation. This structure pairs federal standards, oversight, and financial support with state program execution that has underpinned the CWA's progress for more than 50 years.

State/Interstate water programs carry out the full range of core CWA responsibilities: water quality monitoring and assessment, water quality standards development and revision, impaired waters listing, TMDL development and implementation, NPDES permit drafting and issuance, facility inspection, compliance documentation, and enforcement. The scope and complexity of those responsibilities have grown substantially since 1972, and the water quality challenges facing states, including nutrient pollution, contaminants of emerging concern such as PFAS, hydrologic variability, and aging infrastructure, continue to place increasing demands on state program capacity.

The President's FY 2027 budget proposes to reduce EPA's total discretionary budget authority by approximately \$4.6 billion, or a 52% reduction from the FY 2026 enacted level, which would bring EPA to its lowest funding level since the Reagan administration. For state/interstate surface water programs, the most significant elements of the proposal are the elimination of categorical grant programs supporting state CWA implementation including §106, §319, and associated State, Tribal Assistance Grants (STAG) funding, and a reduction of more than \$2.5 billion from the Clean Water and Drinking Water SRFs. The Administration characterizes categorical grant elimination as a recognition that states are capable of funding their own programs and frames the SRF reductions as a return of those funds to their "intended structure" of state-level revolving capital.

ACWA acknowledges the Administration's interest in reexamining the respective roles of federal and state government in CWA implementation. However, the categorical grant programs proposed for elimination are not discretionary supplements to state programs. They are the financial framework through which Congress has historically fulfilled the federal government's obligations under the CWA's cooperative federalism structure. Eliminating that support while preserving state statutory obligations would, as a practical matter, convert a cooperative program structure into an unfunded mandate. States will not be able to quickly fill this gap and, as such, economic and energy development will be slowed down.

Over many years, categorical grants have been essentially flat in real (inflation-adjusted) terms, even as federal regulatory expectations and reporting requirements have expanded. The result is a growing gap between federal obligations assigned to delegated programs and the resources available to carry them out. States need predictable, stable funding to plan staffing, maintain permitting timelines, and deliver compliance assistance. Volatility creates instability that impacts the regulated community and the public. For these reasons, categorical grants should be treated as **core, protected** public health funds that states can depend upon each year to meet federal requirements and safeguard their communities.

The FY 2026 appropriations process provides an important precedent. Congress declined to enact the Administration's FY 2026 proposals with regard to these water quality programs. ACWA appreciates that outcome and respectfully urges Congress to apply the same judgment to the FY 2027 proposal. The case for maintaining current funding levels is grounded in program history and operational reality. While nominal appropriations for §106 grants have grown from \$10 million at program inception in 1971 to approximately \$225 million in recent years, inflation-adjusted analysis shows that real purchasing power has increased far more modestly even as state program responsibilities have expanded substantially. Section 319 grants, funded at approximately \$174 million in recent years, support nonpoint source management programs addressing the leading remaining source of water quality impairment nationally. Both programs are fully subscribed, and neither has surplus capacity to absorb elimination without concrete program reductions.

The proposed elimination of these grants would produce immediate, concrete reductions in state program capacity: reduced technical assistance to regulated entities, fewer permit writers, reduced monitoring capability, slower impaired waters assessments, and diminished enforcement presence. Growing data management requirements associated with electronic permitting and reporting, combined with increasing technical complexity of water quality problems, have already increased program workloads without corresponding resource increases. Rising costs are placing additional burdens on state programs which already shoulder 90% of the costs of implementing federal programs. Additional funding is needed to merely maintain programs at current capacity. States would not smoothly absorb the elimination of federal grants from other sources. Rather, the effects would fall directly on the communities and businesses those programs serve.

The proposed reduction of more than \$2.5 billion from the Clean Water and Drinking Water SRFs would substantially diminish the financing capacity that communities, particularly small, rural, and financially constrained municipalities, depend on for water infrastructure investment. Congress capitalized the SRFs with the expectation of sustained federal contributions sufficient to address the nation's water infrastructure deficit. EPA's own infrastructure needs surveys estimate hundreds of billions of dollars in unmet national investment requirements. The SRF program's favorable interest rates and extended repayment terms are not replicable through private capital markets for most municipal borrowers. Reducing federal SRF capitalization does not return responsibility to states in a meaningful sense. Ultimately, it removes a highly successful financing tool without providing a substitute.

ACWA urges the Committee to also preserve funding for EPA's geographic water body restoration programs, which provide the federal coordination and financial resources necessary to advance restoration of nationally significant waters that cross multiple state and jurisdictional boundaries. These programs represent decades of federal, state, and local investment in some of the nation's most economically and ecologically important waters. Each geographic program supports multi-state or multi-jurisdictional partnerships that cannot function effectively without federal coordination and financial participation. These programs provide the federal coordination infrastructure that state-led restoration efforts depend on and that no individual state could sustain independently.

Prior budget proposals have sought to eliminate or substantially reduce funding for several of these programs. Congress has consistently rejected those proposals, recognizing their bipartisan support and the practical impossibility of substituting state resources for federal multi-jurisdictional coordination. ACWA respectfully requests that the Committee maintain funding for these geographic programs at no less than FY 2026 enacted levels.

ACWA requests the following actions in the FY 2027 appropriations process:

First, fund CWA §106 Water Pollution Control Grants, §319 Nonpoint Source Grants, and §604(b) Water Quality Management Planning Grants at no less than FY 2026 enacted levels. These programs are the financial foundation for State/Interstate CWA implementation and cannot be eliminated without immediate, concrete reductions in state program capacity.

Second, fund the Clean Water SRF at no less than the FY 2026 enacted level. The national water infrastructure investment gap requires sustained federal SRF capitalization, not a reduction in the federal contribution.

Third, maintain funding for EPA's geographic water body restoration programs including the Chesapeake Bay Program, the GLRI, the Gulf of America Program, and the other programs described above — at no less than FY 2026 enacted levels.

Clean and safe water is a nonpartisan, foundational need. Consistent national baselines for public health protection and environmental safety ensure that every resident and visitor—regardless of geography—benefits from a predictable level of protection. Stable categorical grants and sustained SRF capitalization are pro-growth: they enable timely permitting, reduce uncertainty for project sponsors, and accelerate infrastructure delivery.

Conclusion

The CWA's record of progress over more than five decades reflects the strength of the federal-state partnership Congress established in 1972. That partnership requires federal financial support proportionate to the program responsibilities assigned to the states and interstates. The programs addressed in this testimony are central to that partnership. Their sustained funding at FY 2026 levels would allow states and interstates to continue building on the CWA's record of accomplishment and to manage the complex water quality challenges that remain. Their reduction or elimination would have concrete, near-term consequences for State/Interstate program capacity and for the water resources that millions of Americans and the national economy depend upon.

ACWA and its members are available to provide additional information to the Committee or its staff on any aspect of this testimony. We appreciate the Committee's consideration and its longstanding support for the federal-state partnership that makes CWA implementation possible.