April 16, 2026

Senator Susan Collins
Chair
Senate Appropriations Committee
U.S. Senate
Washington, DC 20510

Senator Patty Murray
Vice Chair
Senate Appropriations Committee
U.S. Senate
Washington, DC 20510

Representative Tom Cole
Chair
House Appropriations Committee
House of Representatives
Washington, DC 20515

Representative Rosa DeLauro
Ranking Member
House Appropriations Committee
House of Representatives
Washington, DC 20515

Dear Chair Susan Collins, Vice Chair Patty Murray, Chair Tom Cole, and Ranking Member Rosa DeLauro,

As Congress begins its work on the appropriations process and Leadership negotiates subcommittee allocations for Fiscal Year 2027, we the undersigned 14 organizations, representing public and private utilities, engineers, manufacturers, and labor, understand the intricate decision making you must make to achieve targeted and meaningful results for the American people. However, as you deliberate over the amounts for the 302(b) allocations, we urge you to provide strong, robust funding for the Interior, Environment, and Related Agencies (I&E) bill.

Strong funding for the I&E bill is critically needed for FY27, as this bill supports essential local and regional water infrastructure that is critical to keeping our communities and economy strong. Among other programs supported by the I&E bill, of key importance for us, the undersigned organizations, are the Clean Water and Drinking Water State Revolving Funds (SRF). The SRFs are longstanding, core federal financing programs that are instrumental in helping communites plan, design, construct, and rehabilitate essential drinking water and wastewater infrastructure that strengthens public health, fosters economic activity, and protects our environment. Support for the SRFs helps ensure communities can make their needed investments in water infrastructure and protect water quality, while also helping ensure that the cost customers pay for clean water and drinking water services remains affordable.

However, with the reintroduction of community project funding/congressionally directed spending (CPF/CDS), also known colloquially as ‘earmarks,’ increasing portions of the CWSRF and DWSRF appropriations in the EPA account have been diverted from state capitalization grants. While CPF/CDS spending still supports critical wastewater and drinking water projects, it also reduces the funds that states have available to fund projects on their individual intended use plans. Historically, earmarks were not funded through the SRF capitalization grants.

Over the past few years, supplemental CWSRF/DWSRF funding from the Infrastructure Investment and Jobs Act (IIJA) has helped blunt the impact of CPF/CDS funding diversions, but those additional SRF dollars expire after the 2026 fiscal year.

For example, since FY23, the CPF/CDSs have consistently accounted for growing portions of regular SRF annual appropriations[1]:

- In FY 22:
  - 27% ($443.6 million) of the CWSRF appropriation was set aside for CPFs
  - 35% ($397.8 million) of the DWSRF appropriation was set aside for CPFs
- In FY23:
  - 53% ($863.1 million) of the CWSRF appropriation was set aside for CPFs
  - 54% ($609.3 million) of the DWSRF appropriation was set aside for CPFs
- In FY24:
  - 48% ($787.7 million) of the CWSRF appropriation was set aside for CPFs
  - 56% ($631.7 million) of the DWSRF appropriation was set aside for CPFs
- In FY26:
  - 54% ($892.8 million) of the CWSRF appropriation was set aside for CPFs
  - 64% ($715.4 million) of the DWSRF appropriation was set aside for CPFs

With the expiration of IIJA's supplemental CWSRF and DWSRF appropriations after FY26, these levels of CPF/CDS set-asides will no longer be sustainable, if regular CWSRF/DWSRF spending remains flat. As such, it is more critical than ever that for FY27, the I&E bill is given a strong allocation. A higher allocation will allow for additional growth in EPA's budget for the SRFs and other water infrastructure programs, and will provide Congress with the ability to deliver funding CPF/CDS projects without undercutting the ability of states to operate their own wastewater and drinking water programs, and appropriately fund projects listed on their intended use plans.

Without continued investment for the SRF's federal-state partnership, it will become more challenging for communities across the United States to face the ever-increasing water needs and federal mandates, such as modernizing aging infrastructure, ensuring adequate water supplies for homes and businesses in the face of drought and growing demand, and responding to emerging threats to public health.

Demand for water infrastructure investment remains high, and the economic returns on these investments are significant. According to a 2025 report from the Value of Water Campaign, every $1 million invested in water infrastructure generates $2.5 million in economic output, and $1.4 million worth of GDP growth.[2] However, communities remain challenged in securing affordable funding and financing for essential infrastructure upgrades and new treatment technologies. In fact, financing for capital improvements surfaced as a top challenge for utilities in 2025.[3]

To be clear, we do not oppose CPF/CDS spending on water infrastructure, and we recognize how impactful these projects have been to communities across the United States. In fact, our organizations represent many entities that have been successful in obtaining CPFs, and we do not want to hinder those significant efforts. Strengthening the I&E bill allocation is a necessary move

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[1] FY25 is not shown, as the final appropriations package was a Continuing Resolution and included no earmarks.
[2] https://thevalueofwater.org/econimpact
[3] https://www.awwa.org/wp-content/uploads/2025-SOTWI-Executive-Summary.pdf

to ensure *both* the continued ability of local communities and utilities to access their state SRF programs and that CPFs continue to cover Congressionally-directed needs.

As partners in the water sector, we stand ready to work with Congress to ensure our water systems continue to strengthen public health, support economic growth, and remain accessible and affordable to all. Few needs are as critical to day-to-day life and well-being across the United States as clean, safe, reliable water. In support of this critical work, we urge you to affirm the strong future of the SRF program and other water infrastructure programs by providing a robust allocation for the I&E bill, so that the future of America's water infrastructure is well secured.

Sincerely,

National Association of Clean Water Agencies (NACWA)

Association of Metropolitan Water Agencies (AMWA)

California Association of Sanitation Agencies (CASA)

Association of State Drinking Water Administrators (ASDWA)

National Utility Contractors Association (NUCA)

National Water Resources Association (NWRA)

Water and Wastewater Equipment Manufacturers Association (WWEMA)

American Public Works Association (APWA)

American Council of Engineering Companies (ACEC)

Rural Community Assistance Partnership (RCAP)

Water Environment Federation (WEF)

American Water Works Association (AWWA)

National Association of Water Companies (NAWC)

Clean Water Construction Coalition (CWCC)

Cc: Majority Leader John Thune, Minority Leader Chuck Schumer, Speaker Mike Johnson, Minority Leader Hakeem Jeffries, Chair Lisa Murkowski, Ranking Member Jeff Merkley, Chair Mike Simpson, Ranking Member Chellie Pingree