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Major Federal Water Infrastructure Funding Lapsed Sept. 30 *Utility Construction Projects Are Now at Risk*

(Fairfax, Virginia) — The National Utility Contractors Association (NUCA) is urging Congress to immediately reauthorize the Clean Water and Drinking Water State Revolving Funds (SRFs) and the Water Infrastructure Finance and Innovation Act (WIFIA) program, and several highway infrastructure programs, including the Bridge Formula Program, Safe Streets and Roads for All, and the National Infrastructure Project Assistance Program (MEGA).

The IJIA's five-year authorization and supplemental funding period ended today, September 30, 2026, creating significant uncertainty for states, utilities, communities, and the contractors who build and rehabilitate America's critical infrastructure.

For water infrastructure, the end of the IJIA's supplemental funding represents a particularly significant change. In 2021, the bipartisan Infrastructure Investment and Jobs Act delivered a historic five-year increase in federal water infrastructure funding, including more than \$43 billion in supplemental funding through the Clean Water and Drinking Water SRFs for general capitalization, lead service line replacement, and emerging contaminants.

For FY 2026 alone, IJIA provided \$2.603 billion in general supplemental funding for each of the Clean Water SRF and Drinking Water SRF programs, plus \$3 billion through the Drinking Water SRF for lead service line replacement, \$800 million through the Drinking Water SRF for emerging contaminants, and \$225 million through the Clean Water SRF for emerging contaminants.

With supplemental funding now ending, America has entered an era of increased uncertainty for states, utilities, and the contractors who build and rehabilitate that critical infrastructure. Previously awarded IJIA funds can continue moving through state and local project pipelines, but without new federal supplemental funding, states and communities will have substantially less federal financing capacity for the next generation of water infrastructure projects.

"Federal water investments keep communities healthy and keep utility construction crews working," said Zack Perconti, NUCA Chief Advocacy Officer. "When dedicated SRF and WIFIA support falls off a cliff, existing water and sewer work stalls. Congress needs to immediately reauthorize these programs and restore funding before projects and the jobs that go with them are delayed or canceled."

Regular FY 2026 appropriations illustrate how much smaller the underlying federal commitment becomes without IIJA supplemental funding. FY 2026 included approximately \$746 million in Clean Water SRF capitalization grants and \$411 million in Drinking Water SRF capitalization grants, compared with billions of dollars in IIJA supplemental funding.

Additional federal water infrastructure funding was provided through \$1.6 billion in Congressionally directed spending and community project funding, but those project-specific appropriations do not replenish the state revolving fund programs or provide states with the same ongoing financing capacity.

Analysts have warned that total federal water infrastructure funding could fall by about 60 percent from FY 2026 to FY 2027 if Congress does not replace the IIJA supplementals and sustain SRF and WIFIA support.

Program-by-program, the stakes for utility construction and America's communities are serious:

- The **Clean Water State Revolving Fund** provides low-cost loans and principal forgiveness for wastewater treatment plants, collection systems, and stormwater controls. IIJA added \$2.603 billion in FY 2026 general supplemental capitalization plus \$225 million for emerging contaminants. Without that supplemental support, state project queues lengthen and fewer systems reach construction.
- The **Drinking Water State Revolving Fund** finances treatment plants, distribution systems, storage, and lead service line replacement. IIJA provided \$2.603 billion in FY 2026 general supplemental funding, \$3 billion for lead service line replacement, and \$800 million for emerging contaminants, while EPA continues to document hundreds of billions of dollars in unmet drinking-water capital needs.
- The **Water Infrastructure Finance and Innovation Act (WIFIA)** provides long-term, low-cost federal credit assistance for large water infrastructure projects, leveraging a relatively small federal subsidy to support billions of dollars in project financing. EPA has made approximately \$6.5 billion in WIFIA financing available in its current financing round, in addition to funding available through the State WIFIA program. Unlike the SRFs, WIFIA did not receive a five-year IIJA advance appropriation and continues to depend on annual appropriations and available program resources.

The need for continued federal investment is clear. EPA has estimated more than \$1.25 trillion in water and wastewater capital needs exist over the next 20 years. A funding cliff caused by the end of IIJA supplemental funding does not erase that backlog—it only makes it harder to finance and build.

“Utility contractors can only bid what owners are able to fund,” Perconti said. “SRF loans and WIFIA credit are how aging pipes, plants, and pump stations get rebuilt. If Congress allows lapses in authorization and funding, communities lose certainty and America’s utility construction industry loses a stable pipeline of infrastructure work.”

NUCA is urging Congress to enact multi-year reauthorization of the Clean Water SRF, Drinking Water SRF, and WIFIA at levels that sustain the infrastructure investment made possible by the IIJA, while providing continued federal support for critical highway and transportation programs. NUCA also urges

Congress to pair that authority with appropriations that keep state revolving funds and federal credit assistance available for projects already in development and for the next generation of water and transportation infrastructure projects.

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About The National Utility Contractors Association (NUCA)

Founded in 1964, the National Utility Contractors Association represents more than 1,900 U.S. utility and excavation contractors, manufacturers, and suppliers who provide the materials and workforce to build and maintain our nation's intricate network of water, sewer, gas, telecommunications, and electric infrastructure. NUCA is found online at www.nuca.com, and can be followed on various social media platforms including X, LinkedIn, Instagram, YouTube, and Facebook.