Great Lakes Commission des Grands Lacs

RESOLUTION
Adopted March 6, 2024

Support for Effective Administration of State Revolving Funds

Whereas, the Great Lakes sustain a $6 trillion economy, contain more than 90% of North America's supply of surface freshwater, and provide drinking water for more than 40 million people in the United States and Canada; and

Whereas, the U.S. EPA estimates that fixing, updating, and modernizing the region's crumbling water infrastructure will cost up to $188 billion over the next 20 years, and that backlog grows every year that we fail to invest in our nation's water infrastructure; and

Whereas, in 1987, the U.S. Congress amended the Clean Water Act to establish the Clean Water State Revolving Fund (CWSRF), which provides low-interest financing for wastewater infrastructure projects that ensure compliance with the Clean Water Act and maintain public health; and

Whereas, between 1987 and 2022, Congress appropriated nearly $50 billion to the CWSRF, which was allocated throughout the states and territories through an established formula, and has been leveraged to provide $163 billion to communities for water projects; and

Whereas, in 1996, Congress enacted the Safe Drinking Water Act, which authorized the Drinking Water State Revolving Fund (DWSRF) to provide low-interest financing for water infrastructure projects that ensure compliance with the Safe Drinking Water Act to maintain public health; and

Whereas, since 1996, Congress has appropriated approximately $24.5 billion to the DWSRF, which is allocated throughout the states and territories through an established formula, and has been leveraged to provide approximately $53 billion toward water infrastructure investments; and

Whereas, in 2021, Congress acknowledged the significant need to upgrade water infrastructure throughout the U.S. by enacting the Infrastructure Investment and Jobs Act (IIJA), which included more than $43 billion for the CWSRF and DWSRF, including $11.7 billion in supplemental funding for the CWSRF, $11.7 billion in supplemental funding for the DWSRF, $1 billion for clean water emerging contaminants, $4 billion for drinking water emerging contaminants, and $15 billion for lead service line replacement; and

Whereas, the CWSRF and DWSRF are designed as revolving loan funds, through which low-interest loans are repaid to the SRFs, enabling states to build a permanent, predictable source of recurring revenue to finance new water infrastructure projects that ensure compliance with federal requirements; and

Whereas, congressionally directed spending (CDS) can be a useful and direct method for the federal government to fund high-priority projects, most often taking the form of grants that the recipient is not required to repay to the federal government; and

Whereas, beginning in fiscal year 2022, congressional directed spending (CDS) grants for water projects have been funded out of SRF capitalization grants, reducing the annual funding states and territories receive to administer SRFs by $2.3 billion, or 42%; and

Whereas, by utilizing the CDS process to divert funding from SRF capitalization grants before they are allocated to the states, states are unable to administer the low-interest loans for water infrastructure projects that generate the recurring revenue necessary to meet the ongoing need to maintain water infrastructure; and

Whereas, by drastically reducing SRF capitalization grants to the states, the long-term viability of the SRFs is significantly diminished, which will have substantial impacts on future investment in water projects.

Therefore, Be It Resolved, that the Great Lakes Commission calls on the United States Congress to ensure congressionally directed spending for specific clean water and drinking water projects does not undermine viability of the Clean Water and Drinking Water State Revolving Funds; and

Be It Finally Resolved, that states should be allowed to utilize Clean Water and Drinking Water State Revolving Funds funding according to intended use plans, and congressionally directed spending for water projects should be funded through a separate appropriation.

Adopted at the 2024 Semiannual Meeting of the Great Lakes Commission, March 5-6, 2024, held in Washington, D.C. The resolution was passed unanimously.