

# Federal Clean Water Investment

Past Success, Present Momentum, and a Looming Cliff



**The National Association of Clean Water Agencies**

May 7, 2026

NACWA



## **Matthew McKenna**

Director, Government Affairs  
NACWA  
Washington, DC  
[mmckenna@nacwa.org](mailto:mmckenna@nacwa.org)



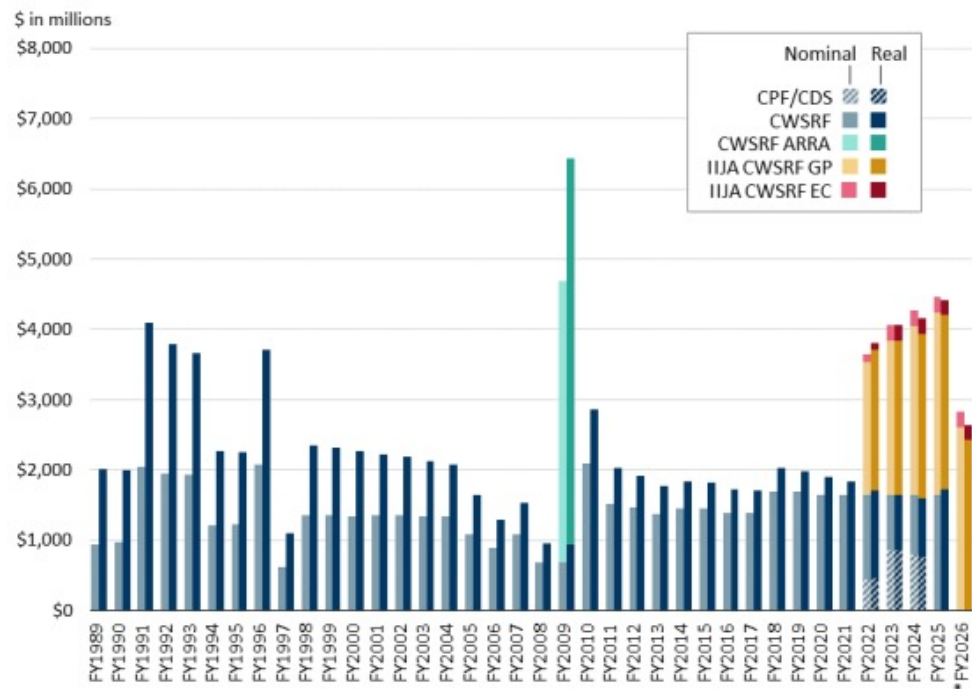
# How the Clean Water Act Built America's Wastewater Infrastructure

- The Clean Water Act of 1972 launched a federal construction grants program (Title II) to build wastewater infrastructure
- Provided over \$60 billion through 1990, funding treatment plants, pump stations, and sewer systems
- Federal cost-share reached up to 75%, accelerating nationwide clean water gains
- In 1987, Congress transitioned to the Clean Water State Revolving Fund (CWSRF) to create a sustainable, revolving financing model



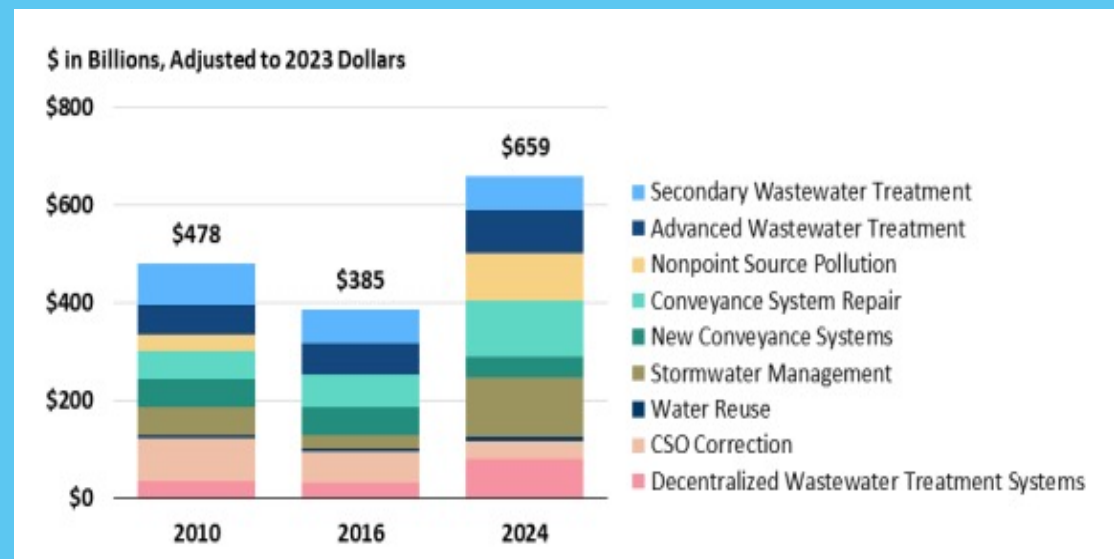
# CWSRF: The Backbone of Federal Clean Water Financing

- Since inception, the CWSRF has financed more than \$172 billion for over 65,000 projects nationwide
- Operates as a revolving loan fund—repaid dollars are reinvested in future projects
- The Bipartisan Infrastructure Law (IIJA) provided a historic infusion
  - ~\$43.4 billion to state SRFs
  - Quadrupled annual SRF funding from ~\$2.7B to ~\$11.4B (FY22–FY26)
- Designed to supplement—not replace—base SRF funding



# EPA's Clean Watershed Survey Shows Needs Are Growing Fast

- EPA's 2022 Clean Watersheds Needs Survey estimates \$630 billion needed over 20 years just for clean water
- EPA notes this figure likely understates true national needs
- Total water infrastructure needs increased ~70% since the last survey (2016)
- Drivers include:
  - Aging infrastructure
  - PFAS and emerging contaminants
  - Climate resilience and flooding
  - Cybersecurity risks



## The IJA Funding Cliff After FY 2026

- IJA funding is scheduled to expire after FY26
- Without congressional action, SRF funding drops back to pre-IJA levels
- IJA addressed only ~5% of the estimated \$1.2 trillion national water need
- Every state faces significant reductions in available SRF assistance
- While NACWA supports Congressionally Directed Spending (earmarks), concerns remain that reducing state capitalization grants could undermine the long-term sustainability of the CWSRF.



## Other Tools in the Federal Funding Toolbox

Beyond SRFs and Congressional Directed Spending, utilities depend on a broader suite of federal financing tools to deliver clean water investments at scale.

- **WIFIA:** Long term, low-cost federal loans for large wastewater and stormwater projects; designed to complement SRFs, not replace them
- **Targeted Clean Water Grants:** Direct grants for priorities like CSOs, SSOs, and stormwater (Sewer Overflow and Stormwater Reuse Municipal Grants Program)—especially important for small and distressed communities
- **Tax Exempt Municipal Bonds:** The foundation of water infrastructure finance, keeping borrowing costs low and protecting ratepayer affordability



# Thank You!

**Matthew McKenna**

**Director, Government Affairs**

[mmckenna@nacwa.org](mailto:mmckenna@nacwa.org)

[www.nacwa.org](http://www.nacwa.org)



**The National Association of Clean Water Agencies**

May 7, 2025

NACWA