



**United States
Environmental Protection Agency**

FISCAL YEAR 2023

**Justification of Appropriation
Estimates for the Committee
on Appropriations**

Tab 12: Water Infrastructure Finance and Innovation Fund

EPA-190-R-22-001

**April 2022
www.epa.gov/cj**

**Environmental Protection Agency
FY 2023 Annual Performance Plan and Congressional Justification**

Table of Contents – Water Infrastructure Finance and Innovation Fund

Program Projects in WIFIA	891
Water Quality Protection	892
Water Infrastructure Finance and Innovation	893

**Environmental Protection Agency
FY 2023 Annual Performance Plan and Congressional Justification**

**APPROPRIATION: Water Infrastructure Finance and Innovation Fund
Resource Summary Table
(Dollars in Thousands)**

	FY 2021 Final Actuals	FY 2022 Annualized CR	FY 2023 President's Budget	FY 2023 President's Budget v. FY 2022 Annualized CR
Water Infrastructure Finance and Innovation Fund				
Budget Authority	\$79,800	\$65,000	\$80,344	\$15,344
Total Workyears	32.8	28.4	40.0	11.6

Bill Language: Water Infrastructure Finance and Innovation Program Account

For the cost of direct loans and for the cost of guaranteed loans, as authorized by the Water Infrastructure Finance and Innovation Act of 2014, \$72,108,000, to remain available until expended: Provided, That such costs, including the cost of modifying Such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans, including capitalized interest, and total loan principal, including capitalized interest, any part of which is to be guaranteed, not to exceed \$12,500,000,000: Provided further, That of the funds made available under this heading, \$5,000,000 shall be used solely for the cost of direct loans and for the cost of guaranteed loans for projects described in section 5026(9) of the Water Infrastructure Finance and Innovation Act of 2014 to State infrastructure financing authorities, as authorized by section 5033(e) of such Act : Provided further, That the use of direct loans or loan guarantee authority under this heading for direct loans or commitments to guarantee loans for any project shall be in accordance with the criteria published in the Federal Register on June 30, 2020 (85FR39189) pursuant to the fourth proviso under the heading "Water Infrastructure Finance and Innovation Program Account" in division D of the Further Consolidated Appropriations Act, 2020 (Public Law 116–94): Provided further, That none of the direct loans or loan guarantee authority made available under this heading shall be available for any project unless the Administrator and the Director of the Office of Management and Budget have certified in advance in writing that the direct loan or loan guarantee, as applicable, and the project comply with the criteria referenced in the previous proviso: Provided further, That, for the purposes of carrying out the Congressional Budget Act of 1974, the Director of the Congressional Budget Office may request, and the Administrator shall promptly provide, documentation and information relating to a project identified in a Letter of Interest submitted to the Administrator pursuant to a Notice of Funding Availability for applications for credit assistance under the Water Infrastructure Finance and Innovation Act Program, including with respect to a project that was initiated or completed before the date of enactment of this Act.

In addition, fees authorized to be collected pursuant to sections 5029 and 5030 of the Water Infrastructure Finance and Innovation Act of 2014 shall be deposited in this account, to remain available until expended.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, notwithstanding section 5033 of the Water Infrastructure Finance and Innovation Act of 2014, \$8,236,000, to remain available until September 30, 2024.

Note.—A full-year 2022 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of Public Law 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

Program Projects in WIFIA
(Dollars in Thousands)

Program Project	FY 2021 Final Actuals	FY 2022 Annualized CR	FY 2023 President's Budget	FY 2023 President's Budget v. FY 2022 Annualized CR
Ensure Clean Water				
Water Infrastructure Finance and Innovation	\$79,800	\$65,000	\$80,344	\$15,344
TOTAL WIFIA	\$79,800	\$65,000	\$80,344	\$15,344

Water Quality Protection

Water Infrastructure Finance and Innovation

Program Area: Ensure Clean Water

Goal: Ensure Clean and Safe Water for All Communities

Objective(s): Ensure Safe Drinking Water and Reliable Water Infrastructure

(Dollars in Thousands)

	FY 2021 Final Actuals	FY 2022 Annualized CR	FY 2023 President's Budget	FY 2023 President's Budget v. FY 2022 Annualized CR
<i>Water Infrastructure Finance and Innovation Fund</i>	<i>\$79,800</i>	<i>\$65,000</i>	<i>\$80,344</i>	<i>\$15,344</i>
Total Budget Authority	\$79,800	\$65,000	\$80,344	\$15,344
Total Workyears	32.8	28.4	40.0	11.6

Program Project Description:

Communities across the country are seeking affordable financing to update aging water infrastructure. To help address these challenges, Congress enacted the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA).

The WIFIA Program leverages federal funds to finance water infrastructure projects that protect public health and deliver environmental benefits while supporting local economies and creating jobs. As of February 2022, the Program has issued 72 loans to communities across the country totaling over \$13 billion in credit assistance to help finance more than \$28 billion for water infrastructure projects. WIFIA loans for these projects have saved communities nearly \$5 billion, which they can use to accelerate additional infrastructure investment and keep rates affordable for water system users. These WIFIA-financed projects have created over 82,000 jobs and improved water infrastructure affecting over 37 million people. A further 87 projects have been invited to apply for nearly \$14 billion in WIFIA assistance, which will stimulate over \$30 billion in additional infrastructure investments once fully committed through loan agreements. WIFIA credit assistance is an effective tool to help communities nationwide address water infrastructure needs.

The WIFIA Program provides and services direct loans to cover up to 49 percent of eligible costs for water infrastructure projects of regional or national significance and up to 80 percent of eligible costs for small community borrowers starting with the FY 2021 appropriation. The program supports a broad borrower base, including underserved communities, private companies, and small towns. WIFIA complements the existing State Revolving Fund programs as an additional source of low-cost capital to help meet the growing water infrastructure needs of the United States and address key national infrastructure priorities. It provides financing for the rehabilitation and construction of water, wastewater, and stormwater systems to address aging infrastructure, meet regulatory requirements, and help improve communities' long-term strategic, financial, and climate resiliency planning.

The WIFIA Program provides flexible terms for credit assistance and low interest rates which stimulate investment while minimizing costs for ratepayers. Terms include the option to capitalize interest, backload repayment, and methods that preserve senior debt capacity.

FY 2023 Activities and Performance Plan:

Work in this program directly supports Goal 5/Objective 5.1, Ensure Safe Drinking Water and Reliable Water Infrastructure in the *FY 2022 - 2026 EPA Strategic Plan*.

The FY 2023 request builds on the Program’s success accelerating water infrastructure investment and enables the program to continue to offer support for small, overburdened, and underserved communities. The requested \$80 million-- including \$72 million in credit subsidy, will enable EPA to provide up to \$8 billion in direct credit assistance, which when combined with other funding sources could help sustain over \$16 billion in total infrastructure investment.

Of the total \$80 million request to implement the program, \$8 million is for EPA’s management and operation administrative expenses, including contract support and associated program payroll. The requested funding level, coupled with the fee expenditure authority, allows EPA to undertake the independent aspects of loan intake and origination; project technical evaluation, including credit review, engineering feasibility review, and loan term negotiation; risk management; portfolio management and surveillance; and loan servicing.

The FY 2023 budget request also includes authority to use fee revenue as outlined in the Water Resources Reform and Development Act, Sections 5029(a), 5030 (b), and 5030(c).¹ Fee revenue is for the cost of contracting with expert services such as financial advisory, legal advisory, and engineering firms. The fee expenditure authority for the Program is in addition to the \$8 million request for management and operations administrative expenses.

Sufficient management and operation funding levels allow the credit subsidy to finance a high level of infrastructure investment. High quality underwriting and technical reviews allow EPA to properly mitigate risk, which in turn allows the credit subsidy to support a greater number of projects. Additionally, high quality portfolio monitoring, and management is critical to ensuring the Program’s long-term solvency. These activities will help work toward meeting targets as part of the Justice40 pilot program.

Performance Measure Targets:

(PM INFRA-01) Billions of non-federal dollars leveraged by EPA’s water infrastructure finance programs (CWSRF, DWSRF and WIFIA).	FY 2022 Target	FY 2023 Target
	9	9

¹For more information see EPA Fee Rule: <https://www.federalregister.gov/documents/2017/06/28/2017-13438/fees-for-water-infrastructure-project-applications-under-wifia>

FY 2023 Change from FY 2022 Annualized Continuing Resolution (Dollars in Thousands):

- (+\$298.0) This change to fixed and other costs is an increase due to the recalculation of base workforce costs for existing FTE due to annual payroll increases, adjustments to provide essential workforce support, and changes to benefits costs.
- (+\$2,438.0 / +11.6 FTE) This program change is an increase to support operational administrative resources needed to maintain the program's pace and quality of service to its borrowers. This investment includes \$2.12 million in payroll.
- (+\$12,608.0) This increase in credit subsidy resources reflects the growing demand for WIFIA loans from communities.

Statutory Authority:

Water Infrastructure Finance and Innovation Act of 2014.