



**United States
Environmental Protection Agency**

FISCAL YEAR 2024

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

**Tab 12: Water Infrastructure Finance and
Infrastructure Fund**

EPA-190-R-23-001

**March 2023
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**Environmental Protection Agency
2024 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency
FY 2024 Annual Performance Plan and Congressional Justification**

APPROPRIATION: Water Infrastructure Finance and Innovation Fund

Resource Summary Table

(Dollars in Thousands)

	FY 2022 Final Actuals	FY 2023 Enacted Operating Plan	FY 2024 President's Budget	FY 2024 President's Budget v. FY 2023 Enacted Operating Plan
Water Infrastructure Finance and Innovation Fund				
Budget Authority	\$154,098	\$75,640	\$80,443	\$4,803
Total Work years	30.8	38.4	40.0	1.6

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, \$71,899,000, 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, up to \$5,000,000 may be used 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 (85 FR 39189) 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, \$8,544,000, to remain available until September 30, 2025.

Program Projects in WIFIA

(Dollars in Thousands)

Program Project	FY 2022 Final Actuals	FY 2023 Enacted Operating Plan	FY 2024 President's Budget	FY 2024 President's Budget v. FY 2023 Enacted Operating Plan
Ensure Clean Water				
Water Infrastructure Finance and Innovation	\$31,620	\$75,640	\$80,443	\$4,803
TOTAL WIFIA	\$31,620	\$75,640	\$80,443	\$4,803

*For ease of comparison, Superfund transfer resources for the audit and research functions are shown in the Superfund account.

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 2022 Final Actuals	FY 2023 Enacted Operating Plan	FY 2024 President's Budget	FY 2024 President's Budget v. FY 2023 Enacted Operating Plan
<i>Water Infrastructure Finance and Innovation Fund</i>	<i>\$31,620</i>	<i>\$75,640</i>	<i>\$80,443</i>	<i>\$4,803</i>
Total Budget Authority	\$31,620	\$75,640	\$80,443	\$4,803
Total Work years	31.2	38.4	40.0	1.6

Program Project Description:

Communities across the country find it difficult to obtain affordable financing to update aging water infrastructure. Critical water infrastructure is vulnerable to flooding and other climate change-related weather events. Additionally, people of color, indigenous groups, and low-income communities often suffer disproportionately from lack of modern water infrastructure. Our nation's health and wellbeing are dependent on equitable access to drinking water, wastewater, and stormwater systems; however, thousands of communities nationwide are burdened by aging and inadequate systems that threaten public health and stifle economic growth. To help address these challenges, Congress enacted the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA).

Communities use WIFIA Program funds to leverage local dollars to maximize the impact of water infrastructure projects that protect public health and deliver environmental benefits while supporting local economies and creating jobs. As of February 2023, the Program has issued 100 loans to communities across the country totaling \$17 billion in credit assistance to help finance more than \$36 billion for water infrastructure projects. WIFIA loans for these projects have saved communities over \$5 billion, which they can use to accelerate additional infrastructure investment and keep rates affordable for water system users. These WIFIA-financed projects are creating 120,000 jobs and improved water infrastructure to benefit over 50 million people. Additional projects in the WIFIA pipeline have been invited to apply for over \$12 billion in WIFIA assistance, which will stimulate nearly \$27 billion in additional infrastructure investments once fully committed through loan agreements. These outcomes demonstrate that 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. WIFIA provides financing for the rehabilitation and construction of water, wastewater, and stormwaters systems to address aging infrastructure, meet regulatory requirements, and help improve long-term strategic, financial, and climate resiliency

planning. The Program supports a broad borrower base, including underserved communities, private companies, and small towns.

Communities often use WIFIA Program funds to supplement State Revolving Fund financing, providing an additional source of low-cost capital to help meet the growing water infrastructure needs of the United States while minimizing the financial costs to residents.

To date, WIFIA borrowers have received interest rates as low as 0.83 percent, with an average interest rate of 2.09 percent. Terms include the option to bundle multiple projects under one loan and master credit agreements, capitalize interest, backload repayment, and methods that preserve senior debt capacity.

FY 2024 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 2024 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 \$80.3 million, —including \$72.1 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 \$80.3 million request to implement the program, \$8.2 million is for the WIFIA Program's administrative expenses, including staff salaries and contract support. For the past four fiscal years, the number of projects selected to receive a WIFIA loan has been at least triple the number selected in the Program's first year in FY 2017, and since the Program's first loan closing in 2018, the number of closed loans to monitor has already increased to nearly 100. The WIFIA Program's administrative expenses enable high quality underwriting and technical reviews that are required to allow the WIFIA Program to properly mitigate risk, and high-quality portfolio monitoring and management that is critical to oversee the program's burgeoning \$30 billion portfolio of projects and ensure the program's long-term solvency. The Agency's request for a sufficient administrative appropriation ensures the WIFIA Program's ability to monitor its rapidly growing portfolio and make new loans lowering the risk to the government.

The FY 2024 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). 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 \$8.2 million requests for management and operations administrative expenses.

Performance Measure Targets:

(PM INFRA-01) Billions of non-federal dollars leveraged by EPA's water infrastructure finance programs (CWSRF, DWSRF and WIFIA).

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Units
Target		8.0	8.0	8.0	8.0	9.0	9.5	9.5	Billions of Dollars
Actual	8.6	9.7	10.3	10.2	12.1	14.6			

FY 2024 Change from FY 2023 Enacted Budget (Dollars in Thousands):

- (+\$318.0) This change to fixed and other costs is an increase due to the recalculation of base workforce costs due to annual payroll increases, adjustments to provide essential workforce support, and changes to benefits costs.
- (+\$4,485.0/+1.6 FTE) This program change is an increase to support the growing demand for WIFIA loans for communities. This investment also includes \$305 thousand in payroll.

Statutory Authority:

Water Infrastructure Finance and Innovation Act of 2014.