

CSWEA – SRF Discussion

March 12, 2025



Current Year Snapshot (FY2025)

- FY2025 (July 1, 2024, to June 30, 2025)
 - Wastewater Funding: \$612.4 million.
 - Drinking Water Funding: \$655.6 million (including Lead and EC).
 - Lead loan option available at 0.00%.
 - Deadline of March 31 is approaching for planning approval.
 - New Fiscal Year to begin July 1, 2025.
 - Interest Rate reset on July 1, 2025.
 - FY2026 Intended Use Plans will be finalized first week of July.

Principal Forgiveness (PF) – Regs

- Section 603(l) of the Clean Water Act (CWA) requires states to provide a minimum of 10% and a maximum of 30% of its annual Capitalization Grant funds to provide principal forgiveness for loan recipients who meet the affordability criteria established by the State.
- Section 1452 of the Safe Drinking Water Act (SDWA) requires states to provide a minimum of 12% and a maximum of 35% of its annual Capitalization Grant funds to provide principal forgiveness for loan recipients who meet the definition of a “disadvantaged community”.

Current Year – Principal Forgiveness Offered

• **Clean Water**

- FY2025 Total Principal Forgiveness: Min = \$70.6M, Max = \$78.0M
 - IJJA/BIL PF= \$50.4M
 - Unspent Carryover from IJJA FY24 = \$16.5
 - Base Grant= \$11.1M

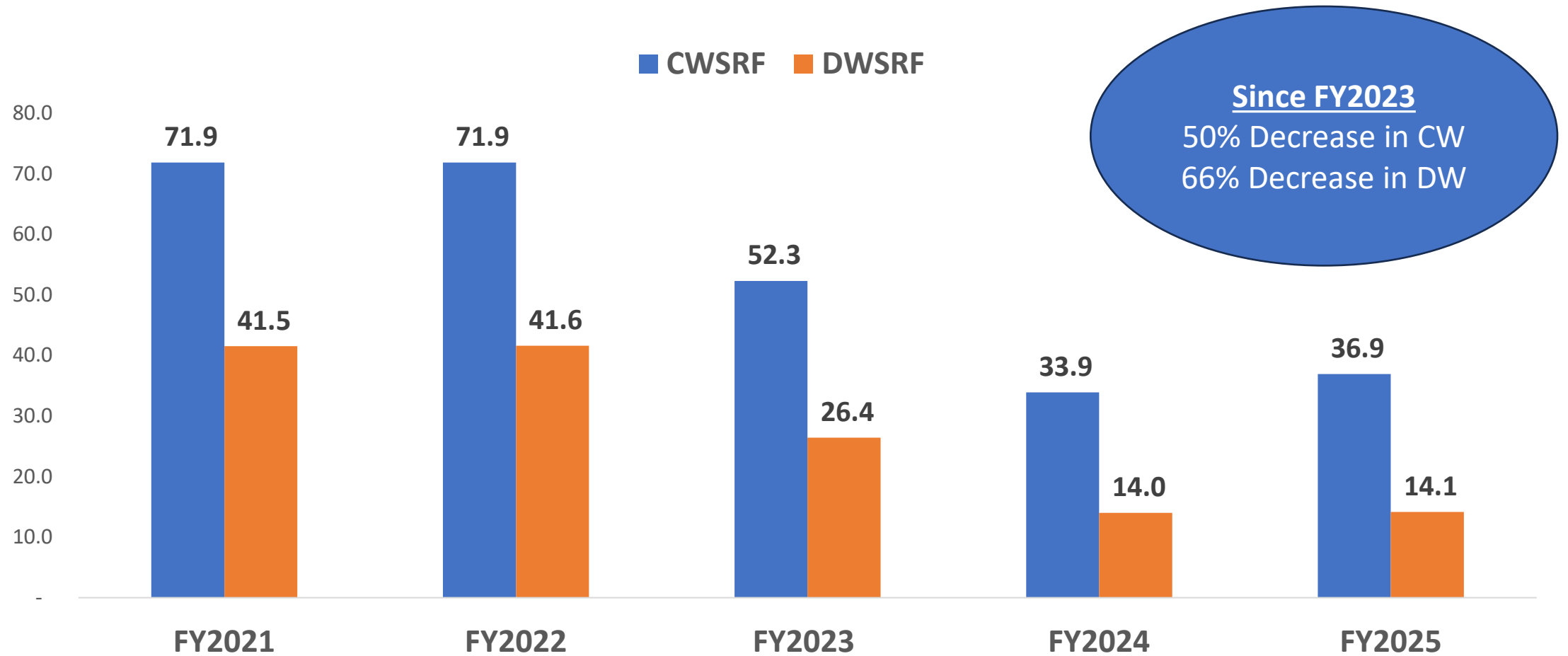
86% of the PF
is driven by
BIL/IJJA Grants.

• **Drinking Water**

- FY2025 Total Principal Forgiveness: Min = \$213.2M, Max = \$233.0M
 - IJJA/BIL Lead Replacements = \$121.2M
 - IJJA/BIL Emerging Contaminants = \$48.2M
 - IJJA/BIL Supplemental PF= \$34.2M
 - Unspent Carryover from IJJA FY24 = \$16.5
 - Base Grant= \$4.9M

95% of the PF
is driven by
BIL/IJJA Grants.

SRF Federal Grants - Base



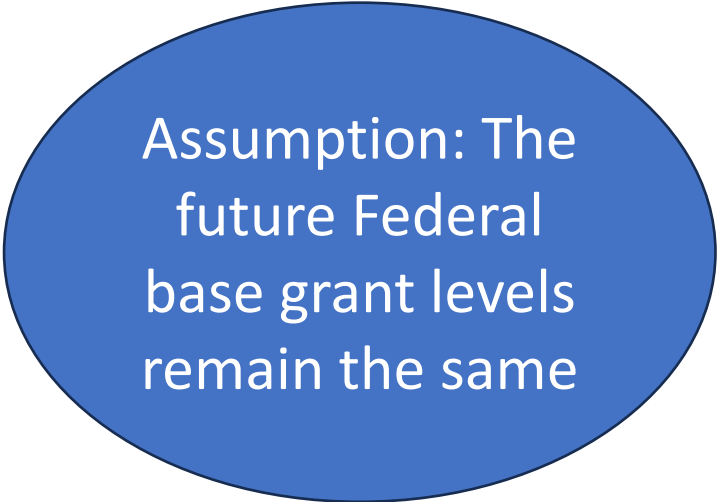
Principal Forgiveness – Post-IIJA/BIL

- **Clean Water**

- FY2025 Federal Grant = \$36.9M
 - Minimum 10% = \$3.7M
 - Maximum 30% = \$11.1M
 - Average # of Projects = 50

- **Drinking Water**

- FY2025 Federal Grant = \$14.1M
 - Minimum 12% = \$1.7M
 - Maximum 35% = \$4.9M
 - Average # of Projects = 56

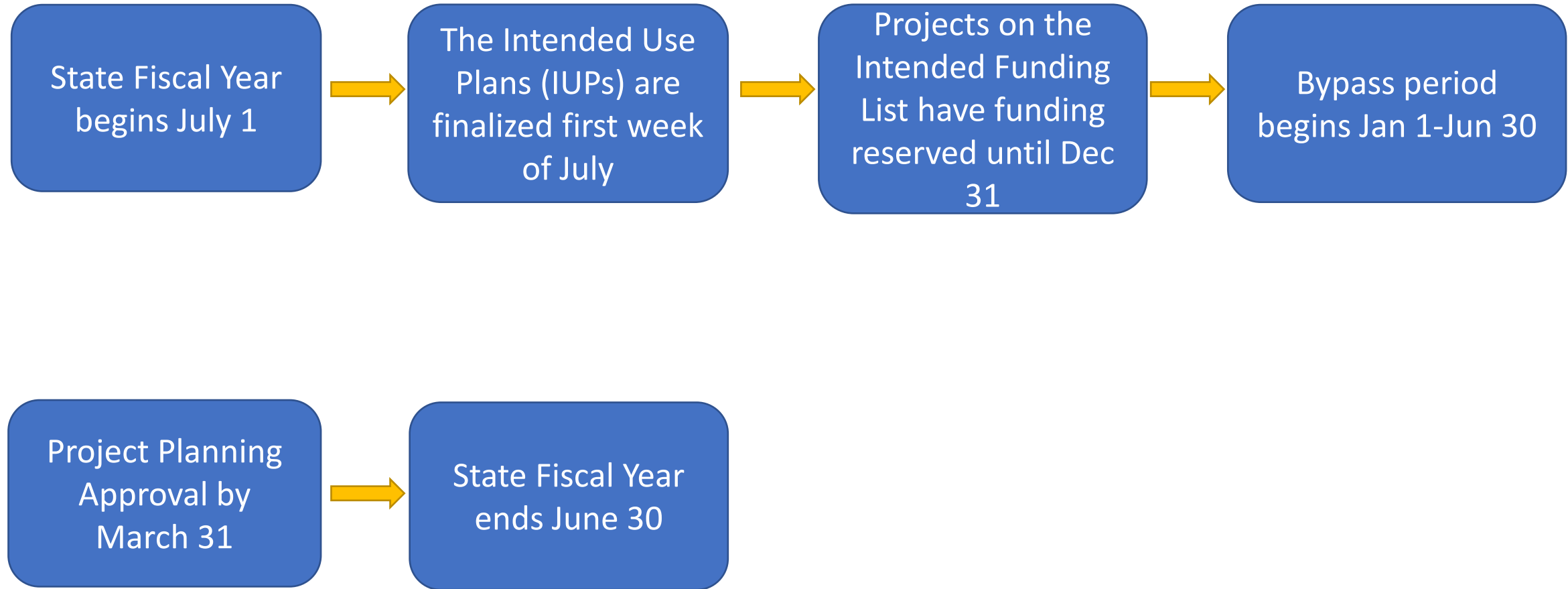


Assumption: The future Federal base grant levels remain the same

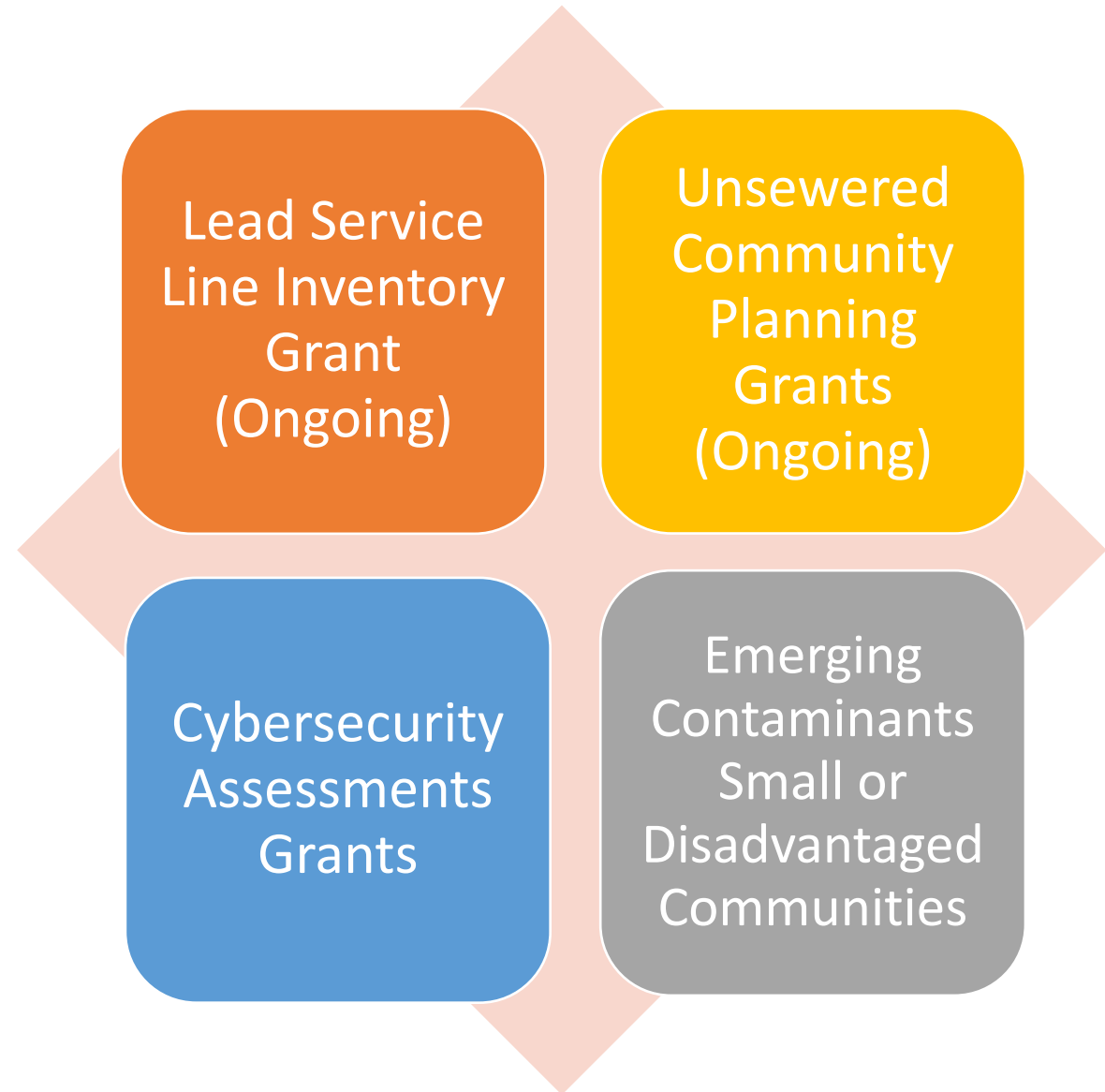
Congressionally Directed Spending (CDS)

- Congressional appropriations taken directly from the SRF budget.
- Communities awarded CDS through their congressional district.
- The SRFs has seen a 60% decrease in their annual federal capitalization grants for both Wastewater and Drinking Water.
- If a community is receiving CDS money, that, is a form of subsidy as the funding is a grant.
- If Congress continues to award CDS through the SRF appropriations, then the capitalization grants will continue to shrink.

SRF- Funding Cycle



Current and Future Grant Programs



Key Takeaways

- Current SRF Principal Forgiveness levels include all BIL/IIJA funding.
- The last round of BIL/IIJA grants will be awarded in 2026/27.
- Regular base grants have decreased 50% of Clean Water and 66% of Drinking Water in the last three years.
- With the restructure, realignment, and possible reduction in the federal workforce, the impact is yet to be determined on future SRF funding levels.
- Agency exploring additional revenue stream options.

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