



July 17, 2023

*Submitted via email: [angela\\_ebiner@padilla.senate.gov](mailto:angela_ebiner@padilla.senate.gov)*

The Honorable Alex Padilla  
United States Senate  
112 Hart Senate Office Building  
Washington, DC 20510

**RE: Clean Water State Revolving Fund Program: CA Capitalization Grant**

Dear Senator Padilla,

On behalf of WaterReuse California (WRCA), we are writing to express our concern regarding the funding of community project requests through the Clean Water State Revolving Fund (CWSRF). WRCA represents 220 public agencies, consulting firms, and companies committed to expanding the use of recycled water in California.

Nationwide, the CWSRF program is one of the most important tools communities have to improve and enhance their clean water systems and develop recycled water supplies. This longstanding program has a proven track record of facilitating critical investments through low-interest loans across small, large, urban, and rural communities in every region of the country. The CWSRF has funded water recycling projects since its creation. As of 2020, the CWSRF has provided over \$1.6 billion for water reuse projects through more than 320 projects across the country. The continued viability of the CWSRF programs is crucial to our communities' ability to invest in water recycling as a water quality, water supply, and economic development tool.

Funding Structure Concerns

**We write today to share our strong concern regarding the funding of clean water community project requests through the CWSRF capitalization grants.** Since the return of community project requests in Fiscal Year (FY) 2022, Congress has been funding community project requests using CWSRF capitalization grant funds. This decision has resulted in a dramatic decline in the amount of discretionary funding made available for CWSRF capitalization grants to states.

While our California communities appreciate the return of direct funding through community project requests, Congress choosing to fund these projects from the CWSRF has resulted in this unintended consequence impacting the CWSRF. When Congress previously provided community project requests for clean water projects the funding was not taken from the CWSRF.

### Decline of Discretionary Funding

Each year, Congress appropriates funding for the CWSRF program, which is then allocated across the states in the form of capitalization grants. States use this funding to maintain long-term, sustainable low-interest loan programs. In FY 2021, Congress provided \$1,638,826,000 for CWSRF capitalization grants. Following the return of community project requests the following year, Congress appropriated the same amount of funding for the programs but dedicated \$443,639,051 from the Clean Water SRF for community projects. In FY 2023, the total discretionary appropriation for the programs remained level; however, the portion of that funding for community projects requests increased dramatically to \$863,108,642 for the CWSRF. **As a result, the amount of discretionary funding made available through annual appropriations for Clean Water SRF capitalization grants has declined by more than 47 percent since FY 2021.**

### Impact to California

Historically, California has greatly benefited from the CWSRF. California's CWSRF program has been financing projects that help protect and improve water quality since 1989. Among the many benefits over the years, the CWSRF has provided below-market rate water quality financing for the construction of wastewater treatment and water recycling facilities.

Despite Congress providing supplemental funding for the SRF programs in the *Infrastructure Investment and Jobs Act of 2021* (IIJA), states are already beginning to adjust their CWSRFs to account for the reduced appropriations and the expiration of supplemental funding in the coming years. **As Congress considers the FY24 appropriations bills, we strongly urge you to fund clean water community project requests on top of and in addition to, rather than from within, the base funding provided for CWSRF capitalization grants.**

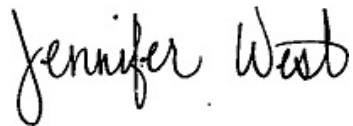
This letter is not meant to convey any level of opposition to the use of funding for community projects by Congress. In fact, a number of California water recycling projects have been funded in the form of congressionally directed spending. Rather, we are writing to convey our extreme concern with the path that Congress has set for the CWSRF program. The current practice of using SRF capitalization grant funding to fund community projects is not sustainable. In fact, it is quickly undermining the viability of the California CWSRF program, which is critical to expanding recycled water in the state and protecting water quality.

## Conclusion

On behalf of our member agencies, we want to express our gratitude for Congressional support of funding for recycled water projects, as we share in the mutual goal of ensuring the CWSRF is predictable, robust, effective, and ambitious in funding essential infrastructure for years to come. We appreciate your help in keeping this program viable in the coming years through the restoration of a California CWSRF capitalization grant that meets or exceeds 2022 levels. If you have questions about our views, please contact me at [jwest@watereuse.org](mailto:jwest@watereuse.org).

Thank you for time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Jennifer West". The signature is written in a cursive, flowing style.

Jennifer West  
Managing Director  
WateReuse CA

cc: Board Members, California State Water Resources Control Board  
Assistant Deputy Director Christopher Stevens, California State Water Resources Control Board's Division of Financial Assistance