



Reconciliation

- A special legislative process designed to expedite budget related legislation to align spending, revenues and the federal debt limit.
- Simple Majority (no 60-vote filibuster)

“Byrd Bath”

- Legislation that affects spending, revenues or the federal debt limit.



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Recissions:

- Cancels previously appropriated but not yet obligated funds.
- Requires a separate bill or joint resolution of Congress.
- (FY2026 Appropriations).

Continuing Resolutions:

- To prevent government shutdown by providing temporary funding when annual appropriations are delayed.
- Role of the Parliamentarian.



- Cities spent over \$150 billion on water and sewer facilities and services in 2022, and annual spending has been growing between 2% and 4%.
- All costs are a pass through unless there is a grant involved.
- Key economic drivers include expanded customer base, inflation and new regulatory compliance costs.



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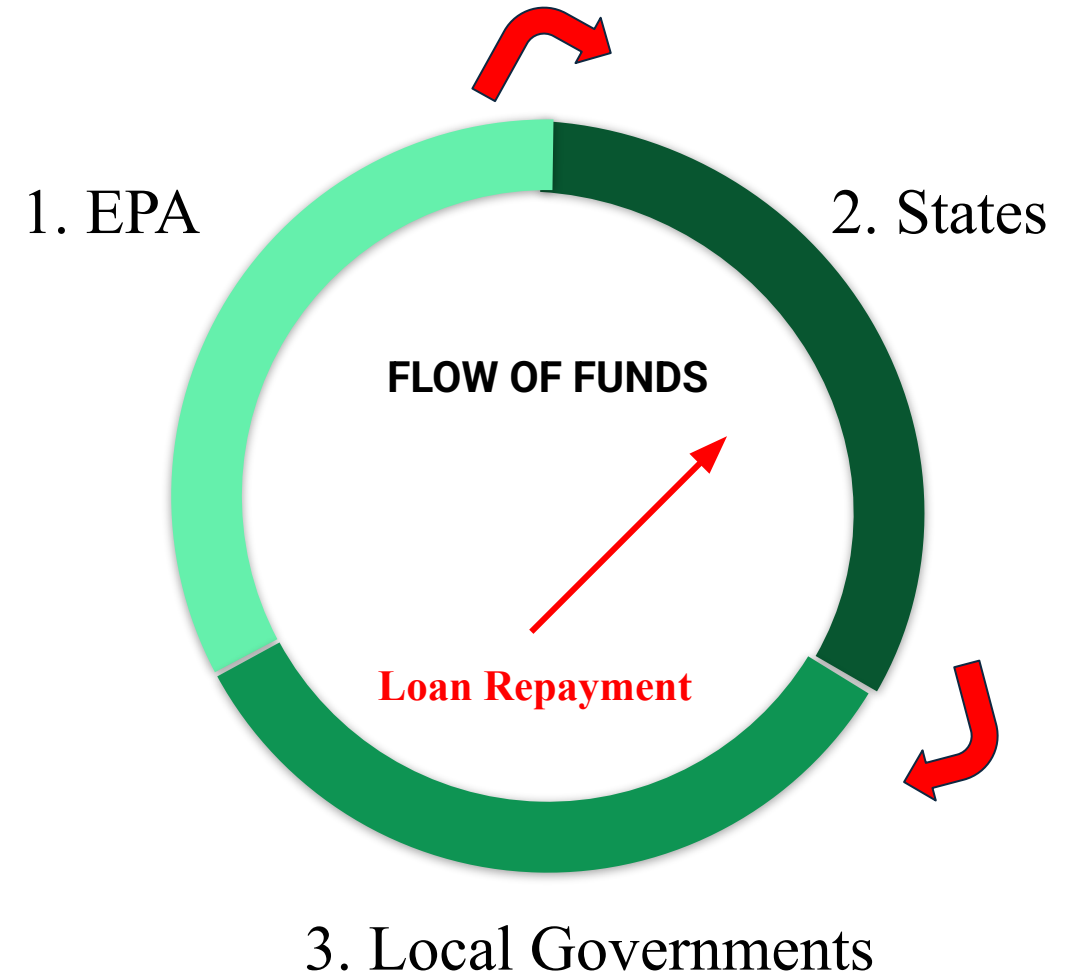
CONTINUING RESOLUTIONS
RESCISSIONS
FY2026 APPROPRIATIONS

RESOURCES – FEDERAL FINANCIAL ASSISTANCE
CWSRF
DWSRF
WIFIA
STORMWATER PROGRAM



Water and Wastewater Financing through the SRF Programs

- **Drinking Water State Revolving Loan Fund:**
Program provides low-interest loans to local governments and private utilities to plan, design, and build or upgrade drinking water systems.
- **Clean Water State Revolving Loan Fund:**
Provides low-interest loans to local governments to plan, design, and build or upgrade wastewater, stormwater, and nonpoint source pollution prevention projects.





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Breakdown of IIJA Funding for SRF Programs

<u>Clean Water State Revolving Loan Fund (Supplemental)*</u>	\$11.7 Billion
<u>Drinking Water State Revolving Loan Fund (Supplemental)*</u>	\$11.7 Billion
<u>Lead Pipe Replacement (through DWSRF)*</u>	\$15 Billion
<u>Emerging Contaminants (DWSRF and CWSRF)</u>	\$5 Billion



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Program Name	FY 25 ENACTED	FY 26 REQUEST	DIFFERENCE
<u>OVERALL EPA BUDGET</u>	\$9.14 Billion	\$4.16 Billion	-\$4.98 Billion (54% cut)
<u>Drinking Water State Revolving Loan Fund</u>	\$1.64 Billion	\$150 Million	-\$1.5 Billion (90.5% cut)
<u>Clean Water State Revolving Loan Fund</u>	\$1.13 Billion	\$155 Million	-\$976.1 Billion (87% cut)
<u>Categorical Grants</u>	\$1.1 Billion	\$100.8 Million	-\$1 Billion (91% cut)
<u>WIFIA</u>	\$72.3 Million	\$8 Million	-\$64.3 Million (89% cut)



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Water Infrastructure Money After IIJA and with Proposed FY 2026 Cuts

DWSRF (IIJA - Supplemental)	DWSRF (IIJA- Lead)	DWSRF (IIJA- Emerging Contaminants)	DWSRF (Annual Appropriations)
EXPIRED	EXPIRED	EXPIRED	-90.5%

CWSRF (IIJA - Supplemental)	CWSRF (IIJA Emerging Contaminants)	CWSRF (IIJA - Annual Appropriations)	WIFIA
EXPIRED	EXPIRED	-87%	-87%



Key Considerations Ahead

- Funding through the IIJA categories is only available through FY2026 and then expires.
- FY 2026 Budget Request is just a proposal, Reconciliation still being debated in Congress
- U.S. Census data shows that local governments spent over **\$150.9 billion** on water and wastewater in 2022.
- EPA estimates the need for water infrastructure investments will be over **\$1.2 trillion** over the next 20 years.
- The major drivers of necessary future investment include: inflation, population increase, aging physical infrastructure, and new regulations.