



**United States
Environmental Protection Agency**

FISCAL YEAR 2021

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

**Tab 11: Water Infrastructure Finance and
Innovation Fund**

EPA-190-S-20-001

**February 2020
www.epa.gov/ocfo**

**Environmental Protection Agency
FY 2021 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency
FY 2021 Annual Performance Plan and Congressional Justification**

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

	FY 2019 Actuals	Estimated FY 2020 Enacted	FY 2021 Pres Budget	FY 2021 Pres Budget v. Estimated FY 2020 Enacted
Water Infrastructure Finance and Innovation Fund				
Budget Authority	\$32,565.9	\$60,000.0	\$25,023.0	-\$34,977.0
Total Workyears	22.1	28.4	12.0	-16.4

Bill Language: WIFIA

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, \$20,000,000, 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 \$4,170,000,000: 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 pursuant to the fourth proviso under the heading "Water Infrastructure Finance and Innovation Program Account" in division D of the Omnibus Appropriations Act, 2020 (Public Law 116-94).

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 for the purposes provided in such sections.

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, \$5,023,000, to remain available until September 30, 2022.

Program Projects in WIFIA
(Dollars in Thousands)

Program Project	FY 2019 Actuals	Estimated FY 2020 Enacted	FY 2021 Pres Budget	FY 2021 Pres Budget v. Estimated FY 2020 Enacted
Water Quality Protection				
Water Infrastructure Finance and Innovation	\$32,565.9	\$60,000.0	\$25,023.0	-\$34,977.0
TOTAL WIFIA	\$32,565.9	\$60,000.0	\$25,023.0	-\$34,977.0

Water Quality Protection

Water Infrastructure Finance and Innovation

Program Area: Water Quality Protection

Goal: A Cleaner, Healthier Environment

Objective(s): Provide for Clean and Safe Water

(Dollars in Thousands)

	FY 2019 Actuals	Estimated FY 2020 Enacted	FY 2021 Pres Budget	FY 2021 Pres Budget v. Estimated FY 2020 Enacted
<i>Water Infrastructure Finance and Innovation Fund</i>	\$32,565.9	\$60,000.0	\$25,023.0	-\$34,977.0
Total Budget Authority	\$32,565.9	\$60,000.0	\$25,023.0	-\$34,977.0
Total Workyears	22.1	28.4	12.0	-16.4

Program Project Description:

The WIFIA Program provides and services direct loans to cover up to 49 percent of eligible costs for drinking water and wastewater infrastructure projects of regional or national significance. The Program also is designed to offer credit assistance with flexible terms in order to attract private participation, to encourage new revenue streams for infrastructure investment, and to allow public agencies to get more projects done. The WIFIA Program requires a small appropriation compared to its potential loan volume and is expected to leverage significant funding for infrastructure. For instance, projects selected in the third round from the FY 2019 appropriations have the potential, when combined with other funding sources, to support over \$12 billion in water infrastructure projects. With the requested \$25 million, including \$20 million in credit subsidy, EPA could provide up to \$2 billion in direct credit assistance, which when combined with other funding sources could potentially help spur over \$4 billion in total infrastructure investment.¹ This makes WIFIA Program credit assistance a powerful tool to help address a variety of water infrastructure needs.

Eligible assistance recipients include: corporations and partnerships, municipal entities, and State Revolving Fund (SRF) Programs. The WIFIA Program complements the existing SRF 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. Entities with complex water and wastewater projects are attracted to the WIFIA Program. EPA expects to provide assistance to a diverse set of projects.

For the FY 2019 appropriated funds, EPA issued a Notice of Funding Availability (NOFA) on April 5, 2019, requesting that prospective borrowers submit Letters of Interest (LOI). In the 2019 NOFA, EPA announced water reuse and recycling as a WIFIA priority for the first time. EPA received 51 LOIs for direct loans and selected 38 new projects to continue the application process.² Once reviewed and approved, the selected projects could result in WIFIA loans totaling approximately \$6 billion to help finance over \$12 billion in water infrastructure investments.

¹ The actual subsidy cost will be determined on a loan-by-loan basis.

² For more information, please see: <https://www.epa.gov/wifia>.

As of January 1, 2020, EPA has issued 14 WIFIA loans totaling over \$3.5 billion in credit assistance to help finance over \$8 billion for water infrastructure projects and create over 15,000 jobs. Information about the projects that EPA has selected to apply for a WIFIA loan can be found on EPA's website.³

The FY 2021 request of \$25 million supports WIFIA drinking water and wastewater infrastructure projects (following the requirements of the Federal Credit Reform Act of 1990 and OMB Circulars A-11 and A-129). While the WIFIA Program provides expansive project eligibilities, particular project attributes will be emphasized in the project selection process. These attributes will be identified in the NOFA, published after appropriations, and may include attributes such as the extent of private financing, the ability to serve regions with significant water resource challenges, the regional or national significance, the likelihood that the project can proceed at an earlier date due to WIFIA financing, and the extent to which the project uses new or innovative approaches, among others.

The America's Water Infrastructure Act (AWIA) of 2018 reauthorized WIFIA and removed its characterization as a pilot Program. AWIA made a number of amendments to the WIFIA Program.

FY 2021 Activities and Performance Plan:

Work in this Program directly supports Goal 1/Objective 1.2, Provide for Clean and Safe Water in the *FY 2018 - 2022 EPA Strategic Plan*. Of the total \$25 million request to implement the Program, \$5 million is for EPA's management and operation administrative expenses, including contract support and associated Program payroll. The request 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 for an initial set of projects. The funds associated with the management and operation of the Program will be available for two years.

The FY 2021 budget 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).⁴ 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 \$5 million request for management and operations administrative expenses.

To help drive progress, the Agency has set the FY 2020-2021 Agency Priority Goal that by September 30, 2021, EPA will increase by \$16 billion the non-federal dollars leveraged by EPA water infrastructure finance Programs (CWSRF, DWSRF, and WIFIA). During FY 2018 and FY 2019, EPA increased the non-federal dollars leveraged by EPA water infrastructure finance Programs by \$20.0 billion, exceeding our two-year FY 2018 – 2019 APG target of \$16 billion. In addition to meeting the APG, EPA met all of the contributing indicators: Engagements with the Water Infrastructure Community; Tools, Training, and Resources Provided to the Water

³ For more information on WIFIA projects, please see: <https://www.epa.gov/wifia/wifia-selected-projects>.

⁴For more information see EPA Fee Rule: <https://www.federalregister.gov/documents/2017/06/28/2017-13438/fees-for-water-infrastructure-project-applications-under-wifia>.

Infrastructure Community; and SRF State Reviews completed. The success of this metric is due to the collaborative efforts of EPA, states, and local communities.

Performance Measure Targets:

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

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Units
Target					8.0	8.0	8.0	8.0	Billions of Dollars
Actual	5.6	5.3	8.1	8.6	9.7	10.3			

FY 2021 Change from Estimated FY 2020 Enacted Budget (Dollars in Thousands):

- (+\$792.0) This increase is due to the recalculation of base payroll costs.
- (-\$35,000.0) This program change decreases the amount of credit subsidy funding available to make loans.
- (-\$769.0 / -16.4 FTE) This program change decreases the FTE and associated payroll available for the WIFIA Program.

Statutory Authority:

Water Infrastructure Finance and Innovation Act of 2014.