



**United States  
Environmental Protection Agency**

**FISCAL YEAR 2020**

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

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

**Environmental Protection Agency  
2020 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency  
FY 2020 Annual Performance Plan and Congressional Justification**

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

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 Pres Budget</b>	<b>FY 2020 Pres Budget v. FY 2019 Annualized CR</b>
<b>Water Infrastructure Finance and Innovation Fund</b>				
Budget Authority	\$12,235.8	\$63,000.0	\$25,000.0	-\$38,000.0
Total Workyears	11.7	12.8	12.0	-0.8

**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.*

*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, \$5,000,000, to remain available until September 30, 2021.*

**Program Projects in WIFIA  
(Dollars in Thousands)**

<b>Program Project</b>	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 Pres Budget</b>	<b>FY 2020 Pres Budget v. FY 2019 Annualized CR</b>
Water Quality Protection				
Water Infrastructure Finance and Innovation	\$12,235.8	\$63,000.0	\$25,000.0	-\$38,000.0
<b>TOTAL WIFIA</b>	<b>\$12,235.8</b>	<b>\$63,000.0</b>	<b>\$25,000.0</b>	<b>-\$38,000.0</b>

\*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: Water Quality Protection

Goal: Core Mission

Objective(s): Provide for Clean and Safe Water

(Dollars in Thousands)

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 Pres Budget</b>	<b>FY 2020 Pres Budget v. FY 2019 Annualized CR</b>
<b><i>Water Infrastructure Finance and Innovation Fund</i></b>	<b>\$12,235.8</b>	<b>\$63,000.0</b>	<b>\$25,000.0</b>	<b>-\$38,000.0</b>
Total Budget Authority	\$12,235.8	\$63,000.0	\$25,000.0	-\$38,000.0
Total Workyears	11.7	12.8	12.0	-0.8

**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, encourage new revenue streams for infrastructure investment, and 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, the second round of selections from the FY 2018 appropriations has the potential, when combined with other funding sources, to support over \$10 billion in water infrastructure projects. With the \$25 million, including \$20 million in credit subsidy, proposed in the FY 2020 President’s Budget, 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.<sup>1</sup> This makes WIFIA Program credit assistance a powerful tool to help address a variety of water infrastructure needs.

For the FY 2018 appropriated funds, EPA issued a Notice of Funding Availability on April 12, 2018, requesting prospective borrowers to submit Letters of Interest (LOI). EPA received 62 LOIs for direct loans and selected 39 projects to continue with the application process.<sup>2</sup> Once reviewed and approved, the selected projects could benefit approximately 22 million people in 16 states and Washington D.C., and they address two national water priorities: (1) providing for clean and safe drinking water (including reducing exposure to lead and other contaminants) and (2) addressing aging water infrastructure. As the Program grows and matures, EPA will seek opportunities to introduce efficiencies in the review processes for WIFIA LOIs and loan applications.

Eligible assistance recipients include: corporations and partnerships, municipal entities, and State Revolving Fund (SRF) programs. The WIFIA Program will complement 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

<sup>1</sup> The actual subsidy cost will be determined on a loan-by-loan basis.

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

water and wastewater projects are attracted to the WIFIA Program, and EPA expects to provide assistance to a diverse set of projects.

**FY 2020 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*. The FY 2020 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 Notice of Funding Availability, 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.

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 2020 budget also includes authority to use fee revenue as outlined in Water Resources Reform and Development Act, Sections 5029(a), 5030 (b), and 5030(c). EPA plans to collect fees in FY 2020.<sup>3</sup> 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.

**Performance Measure Targets:**

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

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Units
<b>Target</b>						8.0	8.0	8.0	Billions of Dollars
<b>Actual</b>						9.7			

**FY 2020 Change from FY 2019 Annualized Continuing Resolution (Dollars in Thousands):**

- (+\$192.0) This net change to fixed and other costs is an increase due to the recalculation of base workforce costs for existing FTE due to adjustments in salary, essential workforce support, and benefit costs.

<sup>3</sup>For more information, please see EPA Fee Rule: <https://www.federalregister.gov/documents/2017/06/28/2017-13438/fees-for-water-infrastructure-project-applications-under-wifia>.

- (-\$38,192.0 / -0.8 FTE) This program change reflects a decrease to the amount of credit subsidy funding available to make loans and the management and operation of the WIFIA program. This change reflects a decrease due in large part from the additional infrastructure provided by the budget addendum in FY 2018 and carried forward in the FY 2019 Annualized CR.

**Statutory Authority:**

Water Infrastructure Finance and Innovation Act of 2014.