

# Five Potential Issues for EPA WIFIA FY26 Reauthorization

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Version 1.0

## 1. Scale and Cause of Large Mandatory Appropriations

- WIFIA incurred \$2.1b in total mandatory appropriations FY18-FY25. This is 9% of \$23b in total loan commitments, over 20% of reported \$10b in loan disbursements, and more than 10 times WIFIA's total apportioned credit subsidy of \$185m over the period.
- The cause was loan funding losses from rising UST rates. But WIFIA loans' optionality and Program borrower characteristics make future funding gains from falling UST rates extremely unlikely.
- Higher apportionment of credit subsidy for near-certain net portfolio funding losses may be required to ensure compliance with the Anti-Deficiency Act.

## 2. Updated CBO Scoring Assumptions to Reflect Actual Program Results

- CBO scoring of reauthorization legislation will likely include updated assumptions based on Program actual results FY18-FY25.
- JCT/CBO's prior assumption that WIFIA loans caused higher tax-exempt bond issuance may be revised in light of evidence that the loans in fact often displace bonds.
- CBO may need to consider the implications of future WIFIA net funding losses for federal interest expenditure FY27-FY36.

## 3. Past and Future Compliance with OMB Circular A-129

- OMB Circular A-129 requires that "Federal credit assistance should be provided only when it is necessary..." and "that private lending is displaced to the smallest degree possible..." These requirements are intended to ensure that program outcomes are additive.
- It is unclear how most WIFIA loans FY2018-FY25 complied with these requirements, or if Program policies and statutes remain unchanged, how future WIFIA loans will comply.

## 4. Declining Loan Volume Despite Rising US Water Infrastructure Capex

- WIFIA's annual executed loan volume fell from a peak in 2021 of over \$5.5b to under \$2b in 2024, a 63% decline unrelated to Trump 2 slowdowns.
- This decline in the context of growing US water capex (which rose about 60% over the same period) may raise questions about the Program's effectiveness in achieving its stated policy objectives.

## 5. Lack of Statutory Improvement, Despite Proposed Amendments

- WIFIA's statutory framework has not been significantly reformed or reviewed in-depth since lending commenced in FY 2018.
- This is despite a number of important amendments being proposed by US water infrastructure stakeholders outside WIFIA's current borrower base that would have broadened or restored eligibility and improved loan economic features. Only one bill passed after very significant cuts; the others did not, despite repeated introduction.

Links: [Five Potential Issues for EPA WIFIA FY26 Reauthorization](#)