

EPA WIFIA Loan Program Reform in FY26 Reauthorization

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The WIFIA Loan Program has demonstrated important federal capabilities in large-scale US water infrastructure finance. But the Program has serious issues, including rapidly declining loan volume, unclear policy outcomes, overlap with other federal financing sources, and \$3.1 billion in funding losses to date. Upcoming WIFIA reauthorization legislation is an opportunity to begin a process of reform that will address current issues and unlock the Program's full potential.

1. The Guiding Principle: Facilitating Affordable Local Funding

Rapidly increasing economic uncertainty and tightening federal fiscal constraints make locally funded US water infrastructure renewal even more challenging. Expanded federal financing can be central to addressing these challenges. For WIFIA in particular:

- Reform and future implementation of the Program **should seek to facilitate affordable local funding for local infrastructure by utilizing intrinsic and unique federal financing strengths** (relative to debt market alternatives) through loan feature design and efficient transaction implementation.

2. Congressional Directives to Require Compliance

Compliance with existing federal credit and budgeting policies is a necessary first step of WIFIA reform and will automatically drive many important improvements:

- **Compliance with Federal Credit Policy:** WIFIA and OMB to develop procedures to ensure future compliance with federal credit policies in OMB Circular A-129 for loan selection and assessment of outcomes, especially with respect to demonstrable additionality in facilitating affordable local funding.
- **Apportionment for Predictable Funding Losses:** WIFIA and OMB to develop all necessary processes to correctly apportion discretionary appropriations for predictable funding losses and ensure future compliance with FCRA Law, OMB Circulars A-11 and A-129, and the Anti-Deficiency Act.

3. Statutory Amendments to Improve WIFIA Capabilities

A number of simple, common-sense amendments based on previously proposed legislation can now be included in reauthorization legislation:

- **55-Year Loan Term** for long-lived projects, especially where the projects are essential to maintaining essential water infrastructure in communities where affordable local funding is constrained.
- **Sub-Treasury Interest Rates for SRFs**, specifically where such rates will encourage a more efficient utilization of the SRF's federal capitalization grants.
- **Expanding Scope of Lending to Small Project Portfolios**, by providing flexibility in security arrangements for loans to eligible project combinations that can achieve required creditworthiness.
- **FCRA Amendment** to clarify correct FCRA budgeting for WIFIA cost-share loans to federally involved projects.

Links: [EPA WIFIA Loan Program Reform in FY26 Reauthorization](#)