

United States Senate

WASHINGTON, DC 20510-0908

July 27, 2026

Dear Colleague:

In 1987, Congress established a formula to allocate appropriations for Clean Water State Revolving Fund (CWSRF) capitalization grants among the states. Concerningly, the data Congress used to create this formula was never documented, and the law gives no authority to the Environmental Protection Agency – the agency responsible for administering the funding – to adjust it. Nearly four decades later, that formula has never been updated. Every year, the EPA distributes federal clean water infrastructure dollars using the same fixed percentages assigned to each state when the program was created. In other words, the nation’s principal clean water infrastructure program is running on an outdated, unexplainable formula that no longer reflects the needs of the communities it is meant to serve.

Since the formula’s establishment, entire states have seen their populations double. Communities that barely existed in 1987 are now major metropolitan areas. The EPA estimates that more than \$630 billion is needed over the next 20 years to repair and build clean water and wastewater infrastructure, yet the formula has not moved an inch. States that have grown the fastest, and that carry some of the greatest documented clean water needs in the country, are still handed allotments set before many of their residents were born, shortchanged year after year for no reason other than Congress's failure to update the math.

In July 2024, the Government Accountability Office (GAO), at the request of the Chair and Ranking Member of the Senate Environment and Public Works (EPW) Committee, confirmed that the current formula reflects neither states' present-day clean water needs nor their populations, and its original basis cannot even be reconstructed.¹ GAO convened an independent panel of experts in formula grants, water policy, and funding equity, who reached consensus on a modern, transparent alternative: allotments based 60 percent on documented clean water needs, 20 percent on population, and 20 percent on economic burden. GAO recommended that Congress consider revising the formula accordingly. The *Clean Water Allotment Modernization Act of 2026* does exactly that.

Our bipartisan bill would:

- Codify the GAO expert panel formula, allotting funds based 60 percent on needs identified in EPA's Clean Watersheds Needs Survey, 20 percent on population, and 20 percent on the share of a state's population at or below 200 percent of the federal poverty level;
- Require the EPA to update allotments annually using the most recent census, American Community Survey, and needs survey data, so no state is locked into a decades-old snapshot;

¹ <https://www.gao.gov/products/gao-24-106251>

- Phase in the new formula over four years, with guardrails ensuring no state's allotment decreases by more than 25 percent or increases by more than 200 percent in any year compared to the prior year;
- Preserve existing set-asides for Indian tribes and U.S. territories and expressly exempt all funding provided under the *Infrastructure Investment and Jobs Act* from the new formula; and
- Improve the underlying data by allowing states to use up to 0.5 percent of their capitalization grants to participate fully in the Clean Watersheds Needs Survey, addressing GAO's finding that small and rural communities are underrepresented in current needs estimates.

Rather than picking winners and losers, the *Clean Water Allotment Modernization Act* lets current, objective data drive the allotment, and it updates automatically so no state is permanently advantaged or disadvantaged. Under GAO's modeling with 2022 data, 31 states would receive the same or a higher allotment under the modernized formula, and every state would benefit from a program that is transparent, defensible, and responsive to real conditions on the ground. The four-year transition protections ensure that no state experiences abrupt disruption.

Earlier this month, the Senate EPW Committee unanimously advanced the *Water Resources Development Act (WRDA) of 2026*, which reauthorizes the CWSRF through fiscal year 2030 and is now awaiting consideration on the Senate floor. The moment to act is now. As the Senate takes up WRDA 2026, we urge you to support incorporating the *Clean Water Allotment Modernization Act* into the legislation so that the program Congress reauthorizes is one that finally treats every state fairly.

For nearly forty years, states have been asked to live with a formula that no one can explain, that no agency has authority to fix, and that drifts further from reality with every passing year. Clean water infrastructure is a national priority, and it should be funded according to the needs of the country as it exists today, not as it existed in 1987. We invite you to join this bipartisan effort to bring the Clean Water State Revolving Fund into the 21st century.

Sincerely,



Rick Scott
United States Senator



Mark Kelly
United States Senator