



Regulatory Reform: Building Better, Faster Water Infrastructure

Key Facts:

- The percentage of EPA State Revolving Fund appropriations diverted to earmarks or obligated for set-asides has gradually increased over the last decade – reducing the flexibility that makes these programs so successful. At the same time, federal regulatory requirements on SRF programs and the water projects they help fund have steadily increased – driving up costs and demand for funding.¹
- Despite entering into effect in 2022, Build America, Buy America Act domestic procurement regulations often still lack clarity and remain opaque and confusing – slowing supply chains and complicating essential projects.
- After recent reforms under the Fiscal Responsibility Act of 2023, the average time to complete an environmental impact statement (EIS) required under the National Environmental Policy Act is 2.2 years. 61% of EIS completed since the FRA went into effect have failed to meet the statutory two-year deadline²

Issue Background:

The Infrastructure Investment and Jobs Act of 2021 was the single largest federal investment in American water infrastructure – hopefully only the first step towards repairing decades of neglect. Unfortunately, federal funding has not moved as quickly as hoped. IIJA was not accompanied by any sort of comprehensive permitting reform, leaving many projects still facing long timelines before construction can actually begin. Uncertainty over the future of federal regulatory definitions like the Waters of the United States (WOTUS) rule complicated the rollout of large-scale infrastructure projects – many of these projects operate on multi-phase timelines and face difficulties adapting to an unclear permitting outlook. While recent Executive actions have moved towards a total overhaul of NEPA regulations, Congressional action will be necessary to codify and guarantee lasting reform.

Burdensome regulatory and policy requirements have also contributed to delays, as the Executive Branch sought to shape implementation to advance other policy priorities. This is not

¹ <https://www.cifanet.org/streamlining>

² https://ceq.doe.gov/docs/nepa-practice/CEQ_EIS_Timeline_Report_2025-1-13.pdf



a new phenomenon – over the past twenty years, federal mandates on SRF funds and rising compliance costs have increased administrative burden and limited timely access to much-needed investment in water infrastructure. This is particularly true for many small and rural communities, who often lack the expertise to navigate increasingly complex federal mandates and requirements. In recent years, one-size fits all federal mandates have undermined the flexibility that the state-based SRFs relied on. Reviewing, and potentially removing, many of these mandates and requirements – and restoring essential flexibility to SRF operations – will reduce regulatory and administrative burden, speed up projects, and allow state programs to better meet the needs of the particular communities they serve.

Furthermore, some of the federal requirements implemented as a part of the 2021 Infrastructure Investment and Jobs Act continue to complicate industry supply chains and essential waterworks projects. Build America, Buy America Act (BABAA) domestic preference requirements are frequently difficult to navigate and understand – to eliminate confusion, agencies must take on more of a direct role alongside industry partners in certifying and maintaining information on compliant products, and further refine and streamline the process for targeted, short-term waivers when necessary to not slow projects.

What can Congress do to help?

- **WASDA Ask:** In any State Revolving Fund reauthorization, Congress should instruct the EPA to remove SRF administrative and project regulatory policies that lack a statutory basis – allowing programs to refocus their efforts on what they do best.
- **WASDA Ask:** In any State Revolving Fund reauthorization, Congress should instruct the EPA to create and regularly update a listing of BA-compliant items, in collaboration with state agencies, industry, distributors, and manufacturers, and include requirements for expeditious, transparent protocol for targeted, short-term waivers.
- **WASDA Ask:** Prioritize passage of a broad permitting reform package to clarify and codify critical definitions (WOTUS) and streamline NEPA and NPDES processes and timelines for project approval.



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