2025-2027 Budget Talking Points
Water/Wastewater Project Funding

Wisconsinites love our water. From the plentiful groundwater resources and the many lakes and rivers to the potable water that comes out of our faucets, we often take the state's water rich environment for granted. But water is a resource that requires management, and Wisconsin's municipal officials are some of the state's best leaders in water quality, ensuring a sustainable resource for generations to come.

Investing in municipal water projects is essential for ensuring clean, safe, and reliable water. Upgrading water infrastructure helps prevent contamination, reduces vulnerabilities, and improves efficiency. These investments protect public health by ensuring safe drinking water and proper wastewater management while also supporting economic growth by attracting businesses that rely on stable water resources.

Modernizing our water systems requires new investments into the shared partnership that the state and municipal governments have fostered. Updating water and wastewater infrastructure enhances our state's resilience and promotes the continued growth of our citizenry and economy.

Environmental Improvement Fund

League's 2025-2027 Budget Request - Provide $725.9 million in RO Bonding Authority

2025-27 Executive Budget - $725.9m RO Bonds 2023-25 State Budget - $46m RO Bonds

The Environmental Improvement Fund (EIF) includes the Clean Water Fund Program (CWFP), which provides financing for wastewater utility projects, and Safe Drinking Water Loan Program (SDWLP), which provides financing for water utility projects. Since the CWFP's creation in 1991 and SDWLP's creation in 1998, these programs have funded more than $7.3 billion in projects, making the EIF a superb example of a well-functioning local, state, and federal partnership.

For a decade, the state has been able to utilize revenue obligation (RO) bonds which are paid back by municipal utilities and their ratepayers to receive the federal capitalization match of 80%. Combined with repayments, the EIF has been able to approve financing to every eligible project in municipal utilities of all sizes throughout the state. In 2025, 75 different municipal utilities applied to the CWFP, and 74 different municipal utilities applied to the SDWLP. These systems serve anywhere from under 200 people to more than 1 million people. Loans have a maximum interest rate of 55% of the market interest rate, saving ratepayers up to 15% over the course of a loan.

Due to an unanticipated surge in demand in the 2023-2025 biennium, eligible projects went unfunded for the first time in the program's history, totaling $216.5 million over the biennium. This surge in demand was due to three primary reasons:

1. *Aging Infrastructure* - Many systems were built or substantially retrofitted in the 1970s as new federal environmental regulations were passed. These systems were typically built with a 50-year lifespan, meaning many systems need to be retrofit or rebuilt to ensure continued safe and efficient functioning for residents.
2. *Growing Communities* - Many areas have experienced an increased demand for water and discharge of wastewater due to growing populations and increasing industrial or

commercial demand as businesses open or expand. All that water needs to be pumped and treated on the front end and treated and discharged on the back end.

3. *Regulatory Demands* - Due to existing and new regulatory standards, municipal utilities are forced to implement costly measures to stay in compliance with federal and state regulations. Some of these challenges include phosphorus, chlorides, and PFAS for wastewater utilities, and heavy metals, chlorides, and PFAS for drinking water utilities.

The surge in demand for the EIF programs is not expected to slow in the 2025-2027 biennium. Combined with the $216.5 million in backlogged projects, most of which are still waiting for state financing as it's their only option, the Department of Natural Resources projects the demand for the program necessitates the request of $725.9 million in RO bonds. While this is an unusually large request, **not a single dollar of general purpose revenue is requested** and demand for the program is expected to return to historic norms shortly following the end of this biennium.

Without a sizable investment in the EIF, more critical water and wastewater utility projects will be denied, leading to less reliable service to the residents and businesses in Wisconsin's cities and villages and more noncompliance orders issued by federal and state regulators.

Urban Nonpoint Source and Municipal Flood Control

League's 2025-2027 Budget Request - Provide $8.0 million One-Time to UNPS and MFC

2025-27 Executive Budget - $11.0 million *2023-25 State Budget - $4.0 million*

The Urban Nonpoint Source and Storm Water Management (UNPS) and Municipal Flood Control and Riparian Restoration (MFC) Programs are crucial for the management of water. Recently, the average rainfall on the four wettest days of the year has increased 35%. Ensuring that water doesn't cause property damage, threaten the safety of residents, or harm water quality is paramount to local leaders.

UNPS grants assist municipalities with managing stormwater runoff. With more demand than available funding, seven UNPS construction projects went unfunded in 2023, leaving 31% of eligible demand unfunded, and seven UNPS planning projects went unfunded in 2024, leaving 19% unfunded. MFC grants support projects that proactively reduce flood vulnerabilities and improve the resilience and preparedness of Wisconsin municipalities. Demand for MFC grants has also grown as the number of flooding events has increased and municipal leaders look to ensure their community isn't next.

Additional funding for the UNPS and MFC Programs will help local leaders improve Wisconsin's water quality and preserve resident safety and property for years to come, returning dividends to Wisconsin.

Municipal Dam Grant Program

League's 2025-2027 Budget Request - Provide $10.0 million One-Time for Municipal Dam Grants

2025-27 Executive Budget - $15.0 million *2023-25 State Budget - $4.0 million*

It's often said that Wisconsin was built by dams. More than 200 cities and villages across the state are the owners of approximately 500 dams. 40% of large dams and 48% of high-hazard-potential dams are owned by local governments. ACEC-WI rated the structural condition of Wisconsin's dams as a C+ grade, and Wisconsin ranks second nationally for the number of documented dam failures since 2000.

The Municipal Dam Grant Program funds dam repair, reconstruction, or modification projects to improve the safety of dams based on inspection directives or administrative orders. This program is highly effective, helping to repair or reconstruct 194 and remove 25 municipally owned dams since 2009. However, it's highly competitive, with applications often exceeding awards. Additional funding will ensure that the condition of municipally owned dams continues improving and that more residents and visitors can enjoy the recreational, economic, scenic, and safety benefits provided by Wisconsin dams.