



May 20, 2024

Dear Tribal Leader:

I am writing in follow-up to my April 23, 2024-dated letter to share the final funding allocations by the Indian Health Service (IHS) for the annual Sanitation Facilities Construction (SFC) program appropriation.

The Consolidated Appropriations Act, 2024 (Pub. Law No. 118-42) reduces funding for SFC by \$73 million, providing a total fiscal year (FY) 2024 appropriation to the IHS of \$124 million. This total represents a 37 percent reduction below the FY 2023 Enacted funding level.

Consolidated Appropriations Act funding is separate from the resources appropriated in the Infrastructure Investment and Jobs Act (Pub. Law No. 117-58), also referred to as the Bipartisan Infrastructure Law (BIL). Annual SFC appropriations continue to play a critical role in funding SFC projects.

In determining how to absorb this significant reduction to annually appropriated SFC funding, the IHS balanced the goals of maximizing resources for projects listed in the Sanitation Deficiency System (SDS), with ensuring SFC resources remain available for other core SFC program functions. To that end, the annually appropriated SFC funding for FY 2024 will support the following activities:

- \$54 million to provide sanitation facilities to new homes and like-new homes in Tribal communities;
- \$29 million to resolve sanitation deficiencies at existing homes included in the SDS by supporting planning, design, construction document preparation, and construction cost overruns associated with previously funded SDS projects;
- \$17 million for eight Congressionally Directed Spending projects: two projects in the Alaska Area IHS, three projects in the Albuquerque Area IHS, and three projects in the Phoenix Area IHS; and
- \$3 million to support Emergency and Special Projects.

As in prior years, the IHS plans to use the remaining \$21 million to increase funding for program support activities related to implementing the BIL, and to ensure that Tribes constructing SFC projects funded by the BIL also have access to program support funding.

Looking to the future, the FY 2025 President’s Budget proposes to restore the funding reduction to the SFC program. Beginning in FY 2026, the budget proposes full mandatory funding for the IHS, and exempts the IHS from sequestration. As part of the mandatory funding proposal, the budget requests additional resources for the operation and maintenance of SFC projects beginning in FY 2027.

I trust this update is helpful.

Sincerely,

Roselyn Tso
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Roselyn Tso
Director