



PolicyLink



Clean Water State Revolving Fund Fact Sheet

Key Takeaways

- The Clean Water State Revolving Fund (CWSRF) is one of the largest federal funding programs for clean water infrastructure projects, such as construction of municipal wastewater facilities, implementing green infrastructure (GI), and many other projects that improve water quality.
- Under the Bipartisan Infrastructure Law (BIL), the CWSRF program received \$11.7 billion in supplemental funding over the next five years to address many infrastructure needs across the country. The law includes a separate, \$1.0 billion dedicated for issues like PFAS contamination.
- Through BIL, [49% of CWSRF funds](#) must be provided as grants and forgivable loans to the following eligible recipients:
 - Municipalities that meet the state’s affordability criteria;
 - Municipalities that do not meet the state’s affordability criteria but seek additional subsidization to benefit individual ratepayers in the residential user rate class; and
 - Entities that implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction.
- Advocates can support this process by:
 - Working with local communities and water utilities to identify eligible projects and ensure they are prepared to apply for SRF funds
 - Participating in the Intended Use Plan (IUP) public engagement process, ensuring that the list of prioritized projects include funding for communities most in need and that the affordability criteria use the most effective metrics for identifying those communities
 - Advocating for their state to improve their public engagement opportunities, including making IUP process more transparent and accessible for public review

For more information, go to www.srfadvocatesforum.org

SRF Basics: The Clean Water SRF

The Clean Water State Revolving Fund (CWSRF) was created by Congress in 1987 through amendments to the Clean Water Act. Administered by the US Environmental Protection Agency (US EPA), funds from the CWSRF are delivered as capitalization grants from US EPA to states. Together with the [Drinking Water State Revolving Fund](#) (DWSRF), these two programs make up the largest source of federal funding for water infrastructure and are critical to protecting and preserving safe and affordable water from source to tap.

The CWSRF provides critical funding for water quality and climate resilience projects across the country. There are 11 categories of eligible projects for CWSRF assistance:

1. Construction of publicly owned treatment works
2. Mitigating nonpoint source pollution
3. National estuary program projects
4. Decentralized wastewater treatment systems
5. Stormwater management
6. Water conservation, efficiency, reuse
7. Watershed pilot projects
8. Energy efficiency
9. Water reuse
10. Security measure at publicly owned treatment works
11. Technical assistance

How it Works

EPA provides grants to states for the revolving loan funds based on assessments of overall need in each state. These grants are known as “capitalization grants” and states must provide their own funding (20 percent of the grant amount) from other, non-federal revenue streams. However, BIL reduced the state matching requirement to 10 percent in fiscal years 2022 and 2023.

States utilize these grants to maintain a “revolving” loan fund that provides low interest loans for eligible clean water infrastructure projects. When recipients repay their loan to the state, the state uses these funds to provide loans for future projects – thereby enabling a revolving loan fund as money flows in and out with each project repaid and new projects funded.

Each state determines its own timeline for receiving and prioritizing clean water infrastructure project applications. Once applications are received and priority projects are identified, the state creates their annual Intended Use Plan (IUP) and often an accompanying Project Priority List (PPL). The **IUP** describes the state’s process for ranking projects for selection, how they have defined and prioritized affordability criteria, and a list of all projects seeking funding in the next fiscal year. The **PPL** is a short list of projects that the state intends to fund. Once each of these documents are released, the state is legally obligated to provide a public comment window.

Entities Eligible for CWSRF Resources Include:

1. Municipality, inter-municipal, interstate, and state agencies,
2. Nonprofit entities,
3. Private, for-profit entities, Watershed groups, community groups, homeowner’s associations, and individuals for construction of publicly owned treatment works, wastewater, stormwater and groundwater projects, and other [eligible projects](#).

Bipartisan Infrastructure Law SRF Funding Details

| SRF Funding Program | Total Funding | State Match | Additional Subsidy | Eligibility for Additional Subsidy |
|---|------------------|------------------------------------|--------------------|--|
| Clean Water SRF Supplemental | \$11.713 BILLION | 10% in 2022-2023, 20% in 2024-2026 | 49% | Recipients that meet state's affordability criteria or specific project types |
| Clean Water Emerging Contaminants | \$1 BILLION | 0% | 100% | No specific eligibility |
| Drinking Water SRF Supplemental | \$11.713 BILLION | 10% in 2022-2023, 20% in 2024-2026 | 49% | Recipients that meet state's definition of disadvantaged community |
| Drinking Water Emerging Contaminants | \$4 BILLION | 0% | 100% | 25% for disadvantaged communities or public water systems serving fewer than 25,000 people |
| Drinking Water Lead Service Line Inventorying and Replacement | \$15 BILLION | 0% | 49% | Recipients that meet state's definition of disadvantaged community |

Advocacy for the CWSRF

Ensuring these funds make it to communities most in need is critical. Opportunities for advocates to influence the process include:

- 1. Proactive relationship building and communication** with your state's SRF administrator, local water utility, or Regional EPA SRF Program representative regarding your community's water infrastructure needs and concerns.
- 2. Engaging in public comment periods for your state's Intended Use Plan** – where funded projects are identified by each state's SRF program administrator.
- 3. Identifying specific areas for improvement toward equity**, including revising affordability criterion, improving state formulas for principal loan forgiveness, and other statewide changes that will increase the amount available to and manageable by impacted communities.
4. Addressing other economic factors such as workforce and contractor development via SRF projects.

Case Studies

Most CWSRF funding has historically gone to point source projects but has the potential to serve as a vital source of funding to address nonpoint source pollution. For example, Georgia Environmental Finance Authority (GEFA) finances land conservation projects to protect water quality and reduce the risk of flooding through the Georgia Land Conservation Program. EPA's [CWSRF Best Practices Guide for Financing Nonpoint Source Solutions](#) features several additional examples.

Stormwater management projects present another opportunity for CWSRF resources. Such projects aim to manage, reduce, treat, or recapture municipal stormwater or subsurface drainage water encompassing both gray and green infrastructure. For example, in [Camden City, New Jersey](#), the construction of rain gardens to reduce stormwater flow, conversion of impervious surfaces into a park, and separating parts of the city's combined sewer system were all components of a project aimed at reducing stormwater flooding.