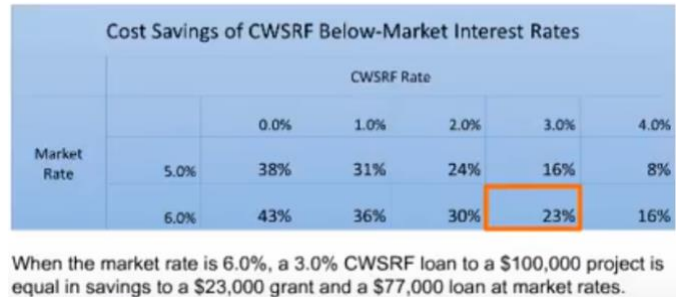


State Revolving Fund (SRF) Loans for Community Water Improvements

The Clean Water State Revolving Fund (CWSRF) was established by amendments to the Clean Water Act in 1987. The purpose of the CWSRF is to provide funding for a wide array of water projects, including wastewater treatment, cleanup of nonpoint source pollution and protection of watersheds and estuaries. Due to the success of this program, an almost identical program was created, the Drinking Water State Revolving Fund (DWSRF). The DWSRF works just like CWSRF, but focuses on improving drinking water quality with the expressed goal of safeguarding public health from exposure to hazardous contaminants in water supplies. Both State Revolving Fund (SRF) programs provide communities with funding to undergo infrastructure improvement projects that would otherwise be prohibitively expensive. The SRFs function like banks for environmental infrastructure, requiring in most cases that the money given in loans be paid back, so that it can be redistributed to new projects. Unlike conventional banks, these programs have flexible repayment periods up to 30 years, and interest rates below the market rate, even as low as 0%. The average loan rate for DWSRF in 2017 was 1.6%.¹ This low interest rate can lead to large savings as the graphic shows. Even a small difference between the market rate and the SRF rate greatly reduces costs and increases affordability for non-profit organizations and local (city, state, or tribal) government.



The EPA provides these loans to all 50 states and Puerto Rico. Once a state receives this funding, it matches 20% of the amount, increasing the total funding. The state then decides how to allocate the money, choosing projects to fund based on its priorities for improving water quality. Water issues differ greatly from state to state. For example, drought-vulnerable California may appropriate more money for water conservation projects than Washington. One successful application of SRF funding comes from Wisconsin, where the state used the DWSRF to create a funding program for disadvantaged communities to replace lead service lines and avoid the health effects of lead in drinking water. Some projects may be eligible for further financial assistance, including grants, principle forgiveness, or negative interest rates on loans. Small water systems with limited resources can also form partnerships, teaming up with other systems to expand opportunities. More information on CWSRF is available here: <https://www.epa.gov/cwsrf/forms/contact-us-about-clean-water-state-revolving-fund-cwsrf#state> and on DWSRF here: <https://www.epa.gov/drinkingwatersrf/state-dwsrf-website-and-contacts>

Any local government or community group can receive funding for water infrastructure projects, but they must prove they have the technical, managerial, and financial capacity to succeed, as well as an eligible project. Eligible projects include:

- 1) Building Public Treatment Works Measures
- 2) Conserving Estuaries Assistance
- 3) Decentralized Wastewater Treatment
- 4) Stormwater Management
- 5) Water Efficiency/Reuse
- 6) Watershed Protection
- 7) Improving Energy Efficiency
- 8) Water Conservation
- 9) Reducing Nonpoint Source Pollution
- 10) Security
- 11) Technical

For even larger projects, the Water Infrastructure Finance and Innovation Act (WIFIA) has a similar mission of investing in water and wastewater infrastructure. WIFIA funds large-scale water infrastructure projects by issuing loans to be paid back over the course of 30 years at low interest. Up to 49% of the cost of a multi-million-dollar project can be covered by WIFIA. WIFIA projects provide \$20 million to communities with 25,000 or more people and \$5 million for smaller communities. More information on WIFIA can be found here: <https://www.epa.gov/wifia/learn-about-wifia-program>

¹ https://www.epa.gov/sites/production/files/2017-11/documents/dwsrf_infographic_nov_27_2017_0.pdf