



Drinking Water State Revolving Fund

A federal-state partnership providing financial support to water systems and state drinking water programs to make infrastructure improvements

PROTECTING AMERICA'S PUBLIC HEALTH

Clean, safe, reliable drinking water is a cornerstone of public health. Investments in installing, upgrading, and replacing public drinking water infrastructure are investments in the health and wellbeing of the American people. Much of this country's drinking water infrastructure was built decades ago, if not a century ago. Many elements such as pipes, treatment facilities, and storage tanks have deteriorated and are inefficient or subject to failure, which can be costly and harmful to communities. The Drinking Water State Revolving Fund (DWSRF) program is a cornerstone of America's commitment to all its residents to provide clean, safe, affordable drinking water. Through the DWSRF, public water systems (PWSs) can make infrastructure improvements to maintain capacity over time, eliminate lead in drinking water, and meet new challenges such as those from emerging contaminants and cybersecurity threats.

THE DWSRF

The 1996 Amendments to the Federal Safe Drinking Water Act (SDWA) created the DWSRF to help communities finance infrastructure improvements that are needed to protect public health and ensure compliance with drinking water standards. Each of the 50 states and Puerto Rico operates its own DWSRF program. They receive annual capitalization grants from EPA that provide below-market interest rate loans, grants, and other types of assistance to public water systems. The DWSRF programs are managed or co-managed by state agencies that oversee drinking water systems and therefore can effectively prioritize infrastructure needs for funding. EPA oversees each state's DWSRF program.

FUNDING PRIORITIES

States develop a priority ranking system for potential DWSRF projects in their state based on three broad federal criteria from the SDWA. States then offer financial assistance to water systems based on the ranking order of their projects. Priority is given to those eligible projects that:

- 1) address the most serious risk to human health;
- 2) are necessary to ensure compliance with the requirements of the SDWA; and,
- 3) assist systems most in need, on a per household basis, according to State-determined affordability criteria.

TARGETED FUNDING FOR DISADVANTAGED COMMUNITIES

The purpose of the DWSRF is to help ensure that all public water systems have infrastructure adequate to provide safe, clean drinking water. Some communities require greater assistance to overcome past and ongoing inequities that drive health disparities. Under SDWA, water systems that serve disadvantaged communities (DAC) may receive additional assistance in the form of loan forgiveness and/or grants, more affordable loan interest rates and terms, and technical assistance. States develop their own DAC definitions and assistance packages to address the particular circumstances of their state.

ELIGIBLE SYSTEMS AND PROJECTS

Publicly and privately owned community water systems and nonprofit, non-community water systems are eligible for DWSRF funding. Eligible projects include, but are not limited to, planning, design, and/or construction of new treatment facilities or upgrades/refurbishment; finished water storage facilities; transmission and distribution systems including the replacement of public and private lead service lines; source water development; water system consolidation; and creation of new water systems. Eligibility guidelines are posted at:

DWSRF Eligibility Handbook:

<https://www.epa.gov/dwsrf/dwsrf-eligibility-handbook>

FINANCIAL ASSISTANCE TYPES

- **Planning and design loans**
- **Construction loans** at or below-market interest rate terms. Loans are typically 30-year terms for most communities (*up to 40 years for disadvantaged communities*) and may be offered with principal forgiveness, grants, negative interest rates, or other loan forgiveness.
- **Purchasing, refinancing, or restructuring debt obligations**
- **Insurance or guarantee for local debt**

SET-ASIDES PROVIDE FURTHER ASSISTANCE

Not all drinking water compliance problems can be solved through infrastructure improvements. States may take a portion of their federal capitalization grants as “set-asides.” Set-asides can be used to administer state drinking water programs, provide technical assistance and training for water systems, and fund other activities that support achieving the public health protection objectives of the SDWA. The programs and activities supported by set-asides include DWSRF administration, water system capacity development, operator certification, small system technical assistance, source water protection, including land acquisition and implementation of best management practices (BMPs), and support for the state Public Water System Supervision (PWSS) program. The set-asides help ensure sustainable infrastructure and public health investments.

**Over the DWSRF's first 25 years,
states funded over 17,300 projects
worth over \$48 billion.**

APPLYING FOR FUNDING

Water systems receive DWSRF assistance directly from state agencies. Each state has its own application procedure. Contact information for each state is posted at:

<https://www.epa.gov/drinkingwatersrf/state-dwsrf-website-and-contacts>.



For more information, visit: [epa.gov/dwsrf](https://www.epa.gov/dwsrf)