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Delivering for Our Communities: Clean Water Implementation

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Delivering for Our Communities is a series of issue briefs that describe the major federal funding opportunities available due to the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA). This document examines funding opportunities applicable to **clean water infrastructure** and describes the types of projects that may be funded with the federal grants. Community advocates can dive deeper into these opportunities to develop proposals and pressure policymakers to advance equity and improve health outcomes.

IIJA Programs on Clean Water Infrastructure

Drinking Water State Revolving Fund (DWSRF) – \$30.7 billion allotted

The DWSRF helps public water systems finance infrastructure projects for the construction or upgrade of treatment facilities, transmission pipes, wells, storage tanks, system interconnectivity, and new systems. The Environmental Protection Agency (EPA) awards federal DWSRF grants to states, territories, and Tribes to fund water infrastructure improvement projects and to ensure compliance with the Safe Drinking Water Act (SDWA). To access the funds, each state must submit a capitalization grant application to EPA. Nearly half of the new DWSRF funding is earmarked for lead service line replacement. Every year, states receive formula grants that fund low-interest loans to water systems. State administrators rank applications based on health risk mitigation, SDWA compliance, and need. States may provide additional subsidies (e.g., grants) to incentivize support for disadvantaged communities.

Clean Water State Revolving Fund (CWSRF) – \$12.7 billion allotted

CWSRF funding allows all 50 states and Puerto Rico to provide low-interest loans to local entities to support water-related projects. In particular, the CWSRF funds projects related to treatment facilities, nonpoint source pollution, estuaries, decentralized wastewater treatment systems, stormwater, watersheds, and water conservation and reuse. A portion of the CWSRF *must* be used for “green infrastructure” (defined broadly). The fund accepts applications from public, private, or nonprofit entities. For the District of Columbia, other U.S. territories, and Tribal governments, the EPA provides direct grant funding on a formula basis..

Small and Disadvantaged Communities Grant Program – \$5 billion allotted

The Small and Disadvantaged Communities Grant Program helps fund water projects that would otherwise be too expensive for small communities. A community is eligible for funding if it has a population of fewer than 10,000 people, and is unable

“to incur debt sufficient to...comply with the [\[Safe Drinking Water Act\]](#).” A community is considered to be “disadvantaged” based on factors that vary by state. Funding is distributed on a formula basis to states, Tribes, and territories, which must submit a list of eligible projects.

Smaller clean water infrastructure grant programs authorized by IIJA are outlined in a recent report from the [Congressional Research Service \(CRS\)](#).

Summary of IIJA Programs on Clean Water Infrastructure

| Program Name | Disbursing Agency | Grant Type ¹ | Amount of Funding | Key Stakeholder | Timeline |
|---|---------------------------------------|---|-------------------|---|--|
| Drinking Water State Revolving Fund (DWSRF) | Environmental Protection Agency (EPA) | Loan (available funding allocated by formula) | \$30.7 billion | State DWSRF Administrator | Varies by state, but the application period is typically early in the year (Jan.-Mar.) |
| Clean Water State Revolving Fund (CWSRF) | EPA | Loan (available funding allocated by formula) | \$12.7 billion | State CWSRF Contact | Varies by state, but the application period is typically early in the year (Jan.-Mar.) |
| Small, Underserved, and Disadvantaged Communities | EPA | Formula | \$5 billion | State Contact | States must submit final application packages by June 2022 |

Funded ARPA Programs on Water Assistance

[Low-Income Household Water Assistance Program \(LIHWAP\)](#) – \$500 million allotted

- Assists low-income households with water and wastewater bills
- Apportioned to states by formula. States must use an income threshold and a categorical eligibility—typically, eligibility for the Low-Income Household Energy Assistance Program
- Individual state policy determines whether households must apply for or automatically receive the benefit
- Funds are currently available and families may apply at any time

¹ For details about different types of grants, see [PCAF's explainer on federal implementation processes](#).

The Progressive Caucus Action Fund thanks the Georgetown Law's Center on Poverty and Inequality's Economic Security and Opportunity Initiative for their comments and insights