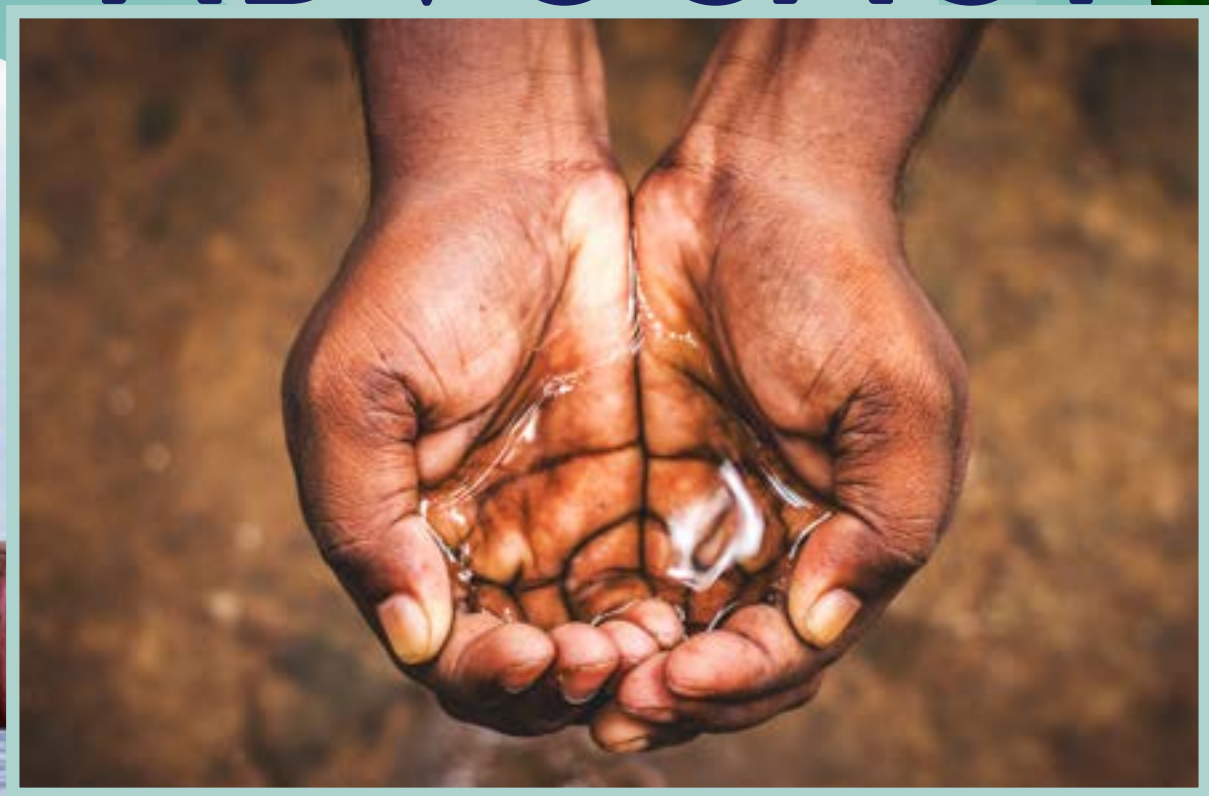
STATE REVOLVING FUND

ADVOCACY TOOLKIT



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CLEAN WATER FOR ALL

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SRF State Advocates Forum

Sections of this toolkit build on the collective expertise and content created by the SRF State Advocates Forum, a partnership between the Alliance for the Great Lakes, Environmental Policy Innovation Center, PolicyLink, and River Network. The purpose of the Forum is to connect advocates working on equitable SRF implementation and provide a space for peer learning and collaboration. Complete this form to learn more about the Forum and sign up to join our listserv and calls.

Who Should Use This Toolkit

This toolkit was developed to support state and local advocates interested in water infrastructure investment who are seeking to better understand the State Revolving Fund (SRF) process. Nonprofit and community-based water advocates have an opportunity to influence how new and recurring federal water infrastructure funds are distributed and to reform how SRF programs operate. This toolkit aims to build the capacity of advocates to influence, improve, and access the process of securing funding for communities who need it most and have historically not been able to access SRF dollars. The toolkit strives to be accessible to newcomers to this issue, providing background information on how SRFs work and actionable ideas for how to participate in SRF processes and advocacy. Whether you are working with your local utility, interacting with state agency employees, US Environmental Protection Agency (EPA) regional offices, your legislators, or some combination of these primary actors, this toolkit is meant to prepare you to understand:

- How SRF dollars are administered from the federal level down to the state and municipal levels,
- The basic functions of the SRF program and what kinds of projects are eligible under both the Clean Water and Drinking Water SRFs, including changes from the Bipartisan Infrastructure Law,
- The key process points, such as the development and release of the state Intended Use Plan, and ways to engage in targeted advocacy around these points,
- Opportunities to improve the SRF program to better serve disadvantaged communities, especially small, low-wealth and communities of color, who have historically lacked access to SRF funding, and
- Where to find additional support via technical assistance and other resources.

How to Use This Toolkit

This toolkit can be used by both novice and more experienced advocates working on water infrastructure; some sections may be more relevant to you than others. For a comprehensive overview of the history and function of the SRFs, including opportunities to influence implementation and supporting tools and resources, you can download a full PDF version of the toolkit. In the PDF version, the entire toolkit is presented in one document, while the online version allows you to easily jump to whichever section(s) are relevant to you.

Text in **orange** boxes include **key term definitions**. These terms can also be found in our comprehensive Glossary.

Each section contains **additional resources** for learning more about a specific topic. These resources have also been compiled in the References section. Case studies, advocacy examples, and recommendations for action are included throughout each section.

The "Tools and Strategies" section includes a compilation of talking points, contact information, sample letters, example comments, shareable downloadable graphics, and other advocacy strategies for you to use.

Need additional support?
Contact us by emailing infrastructure@rivernetwork.org and River Network staff will be happy to help you navigate the Toolkit and find supplemental information.

The Opportunity: Using Federal Funding to Address Critical Water Infrastructure Needs with the Bipartisan Infrastructure Law (BIL)

The passage of the Bipartisan Infrastructure Law (BIL) creates a historic moment for addressing water infrastructure challenges across the US.

For the past several decades, federal investment in water infrastructure has waned. With this decline in investment, many communities across the United States have struggled to properly maintain their water infrastructure—a critical resource for ensuring safe and affordable drinking water, wastewater, and stormwater services.

The cost of water for households has risen continuously throughout the US as local utilities try to make up for the loss in funding while maintaining their water systems' aging infrastructure. For the past two decades, water and wastewater service bills have grown much faster than other household expenses, making water unaffordable for many. Additionally, issues of lead contamination and other harmful chemicals contaminating water supplies are most often addressed through investment in water infrastructure—such as lead service line replacement or enhanced water treatment technologies to address emerging contaminants. These issues most often disproportionately impact small and low-wealth communities, as well as predominantly Black, Indigenous, Latinx, and other communities of color. Investment in water infrastructure is necessary for water equity—ensuring all have access to safe, affordable and resilient water and wastewater services.

The Clean Water and Drinking Water State Revolving Funds (CWSRF and DWSRFs) represent the largest source of federal funding for water infrastructure. These funds are intended to support communities across the country by increasing their financial capacity to take on large water infrastructure projects, addressing everything from outdated and leaking pipes to increasing the storage capacity of their water treatment plants to ensure continuous delivery of safe and clean water to their residents.

This toolkit focuses solely on the SRFs and does not explore other available water infrastructure funding options. A municipality, wastewater system, or other entity may use other funding options instead of or in addition to the SRFs depending on their population size, project type, and/or financial capacity. To learn more about additional infrastructure funding opportunities, please see River Network's Equitable Water Infrastructure Toolkit as well as the list of programs below.

Here is a non-exhaustive list of other federal programs that can be used for water infrastructure projects:

- Water Infrastructure Improvements for the Nation Act (WIIN) Grant Programs US Environmental Protection Agency
- Rural Decentralized Water Systems Grant Program US Department of Agriculture
- Grants for Rural and Native Alaskan Villages US Department of Agriculture
- Emergency Community Water Assistance Grants US Department of Agriculture
- Circuit Rider Program – Technical Assistance for Rural Water Systems, US Department of Agriculture
- Water & Wastewater Disposal Grants to Alleviate Health Risks on Tribal Lands and Colonias, US Department of Agriculture
- Water & Wastewater Disposal Loan Guarantees, US Department of Agriculture
- Community Development Block Grant Program, US Department of Housing and Urban Development
- Public Works and Economic Adjustment Assistance Programs, US Economic Development Administration

Explore the Environmental Finance Center Network's Funding Sources by state or territory for more water infrastructure funding options and learn more through the EPA's Water Finance Clearinghouse, which includes program descriptions, application instructions, current funding levels, and contact information for local, state, and federal programs as well as foundation grants.

In practice, however, the communities most in need of investment in their water infrastructure regularly face barriers to accessing these dollars. While the SRFs are meant to support communities nationwide in addressing the most critical issues of water quality and access, the process has remained inaccessible to communities in need due to a range of systemic issues, including burdensome funding and financial capacity requirements for states and municipalities, lengthy and bureaucratic application processes, and a lack of transparency and opportunity for engagement in the process as a whole.

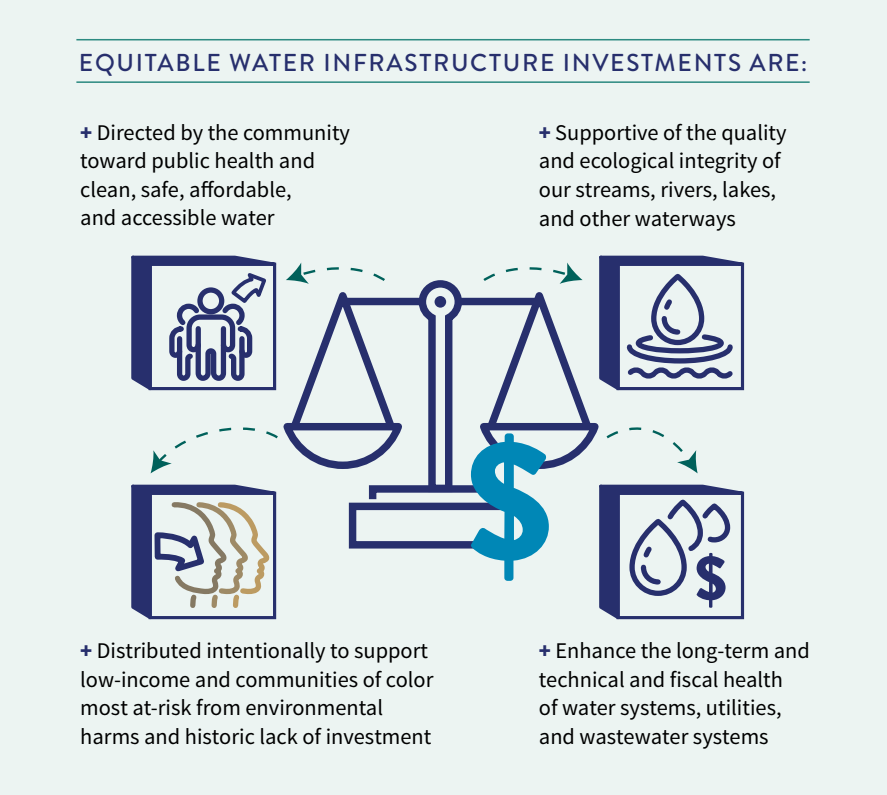
Increasing equitable infrastructure investment means ensuring more SRF dollars flow to communities in need and identifying and addressing current and historic barriers and opportunities to improve access. Social Justice Bonds can support efforts to increase equitable infrastructure investment by focusing on people over assets, including community oversight and evaluation, considering anti-displacement measures, and repairing historical discrimination embedded within municipal development practices. Learn more from **Activest** about this approach and **see Section 04** from their report considering questions about water and wastewater infrastructure.

To begin to address some of these issues, Congress passed the Infrastructure Investment and Jobs Act (IIJA), also referred to as the Bipartisan Infrastructure Law (BIL), in November 2021, marking a historic moment for water infrastructure. The BIL allocated roughly $50 billion dollars for water infrastructure projects from 2022–2026 in addition to normal (base) funding levels for both the CWSRF and DWSRFs—meaning significantly more funding is available to address critical water infrastructure issues. BIL funding also comes with **several provisions to support more equitable outcomes**—including requirements to target disadvantaged communities, increasing forgivable loans, and more, detailed in the **Bipartisan Infrastructure Law: Changes to SRF Administration for 2022–2026 section.** These additional dollars and equity-focused provisions in BIL are a direct result of the hard work of advocates pressing for long-sought improvements to water infrastructure funding over the past several years. These provisions lay the groundwork to increase equitable access to SRF funds and ensure communities most in need can improve their project qualifications and capacity.

However, while the BIL begins to address the historic barriers to entry described above for the most impacted communities, ensuring equitable outcomes of these programs requires strategic advocacy by state and local advocates. This toolkit provides a roadmap for navigating that process and holding decision-makers accountable to improving the SRF process toward more equitable, community-based outcomes.

What Is Equitable Water Infrastructure Investment?

Equity in water infrastructure investment addresses the historic harm and disinvestment in communities facing some of the biggest water challenges, including water affordability and water safety. To achieve equitable infrastructure investment, work must be done to acknowledge historic injustice and bring corrective justice to communities that have suffered neglect, disinvestment, and other systemic inequities as a result of policy design.



This graphic originally appeared in the River Network report [Building Blocks of Trust: Creating Authentic and Equitable Relationships between Community Organizations and Water Utilities]

What Does Advocacy Look Like in This Space?

While opportunities to advocate for water equity go beyond the SRFs, this toolkit focuses on how to influence the system of SRF administration toward equity. Advocacy recommendations throughout each section of the toolkit describe opportunities to make improvements to the SRF process in order to increase access to this funding by communities with the greatest need. Advocacy strategies discussed in this guide include, but are not limited to:

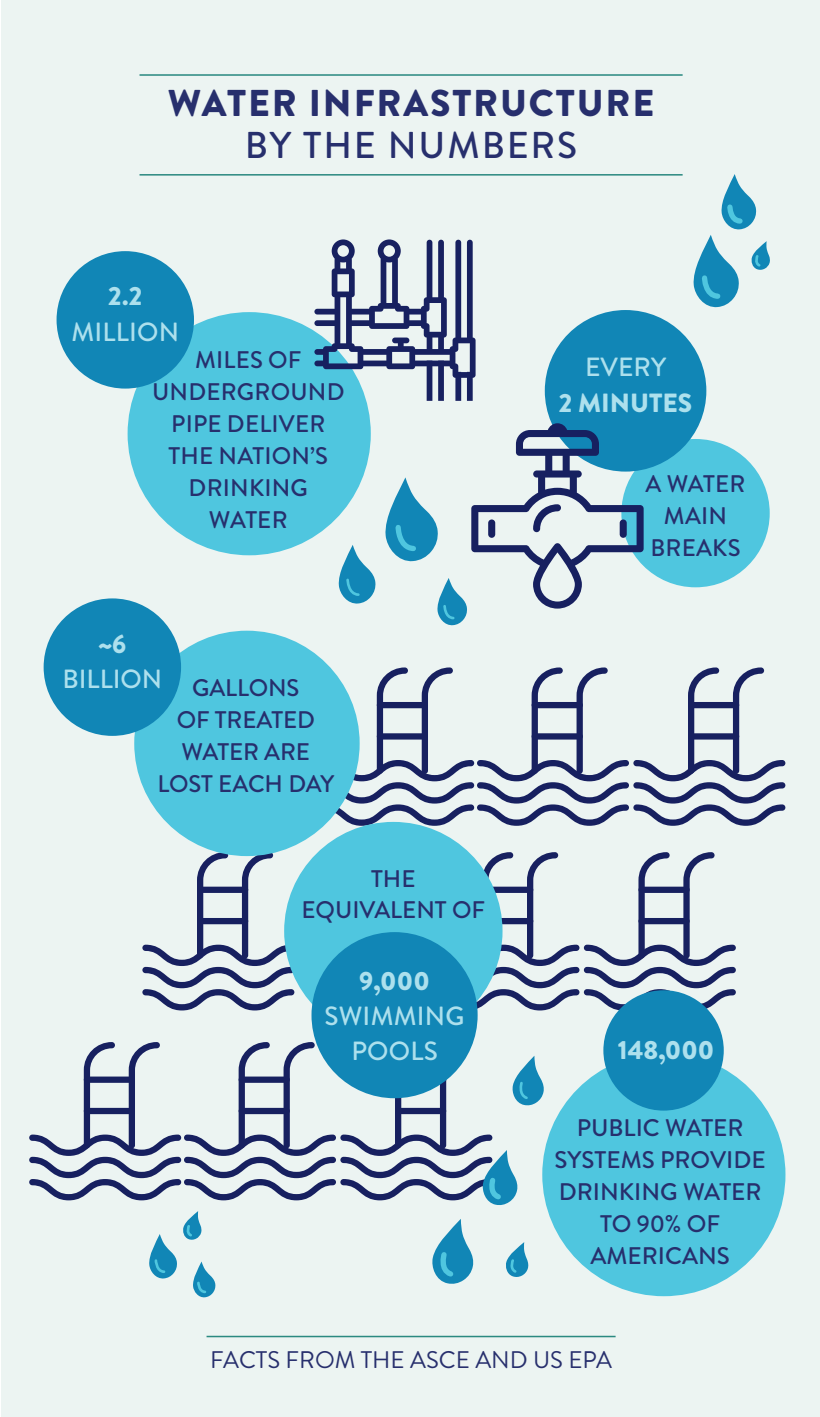
- Identifying specific areas for improvement toward equity, including revising **disadvantaged communities (DAC) definitions**, improving state formulas for principal loan forgiveness, and other statewide changes that will increase the amount available to and manageable by impacted communities.
- Engaging in public comment periods for your state's Intended Use Plan—where funded projects are identified by each state's **SRF program administrator**.
- 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.
- Addressing community-based economic opportunities such as workforce and contractor training and development through infrastructure projects and community engagement initiatives.

Introduction: Historical Context & America's Water Infrastructure Challenges

Inequitable & Inadequate Water Infrastructure Investment

Water infrastructure like pipes, tanks, and pumps are often out of sight and out of mind. This hidden infrastructure is meant to deliver safe drinking water to our homes and businesses and take away wastewater for treatment. It funnels stormwater out of streets and helps reduce the risks of flooding and intense storms. However, decades of underinvestment have led the country to an increasingly critical situation. According to the American Society of Civil Engineers (ASCE), the federal government's share of total capital spending in the water sector decreased from 63% in 1977 to just 9% in 2017. As a result, the burden of maintaining systems shifted towards communities, leading to rising water and sewer rates for customers, causing affordability problems as utilities struggle to upgrade and replace failing infrastructure. An ASCE economic study in 2020 found that without investment in drinking water and wastewater infrastructure, the *annual* investment gap will grow to $434 billion by 2029. In November 2021, Congress passed the Bipartisan Infrastructure Law (BIL) to help address this growing need. **While the BIL provides a significant step in the right direction by allocating over $50 billion for water and wastewater infrastructure projects over five years (2022-2026), *more still needs to be done to ensure sustained investment over time.***

Between 2022 and 2026, Clean Water and Drinking Water State Revolving Funds will provide states, tribes, and territories with increased levels of funding to tackle pressing infrastructure needs. Historically, larger drinking water systems serving majority-white populations have been more successful in their bids for SRF funding. Small communities and communities with larger proportions of people of color have been less likely to receive assistance when they do apply, and oftentimes do not apply for SRF funds due to both financial and non-financial capacity and process constraints. The legacy of redlining, racial segregation, and discriminatory lending practices are evident today in the maintenance needs of water infrastructure in low-wealth communities that struggle to adequately finance projects and secure needed technical expertise. Aging infrastructure increases a community's likelihood of experiencing lower water quality, less efficient systems, and threats ranging from contamination to exacerbated flooding or water scarcity. It is past time to achieve equitable water infrastructure investment. In an effort to make funds more accessible to overburdened communities, 49% of the funding through BIL will be provided as grants and forgivable loans to disadvantaged communities (DACs). This Congressional directive to give about half of the funding as additional subsidization is a notable departure for a program that has primarily functioned as a low-interest loan program.

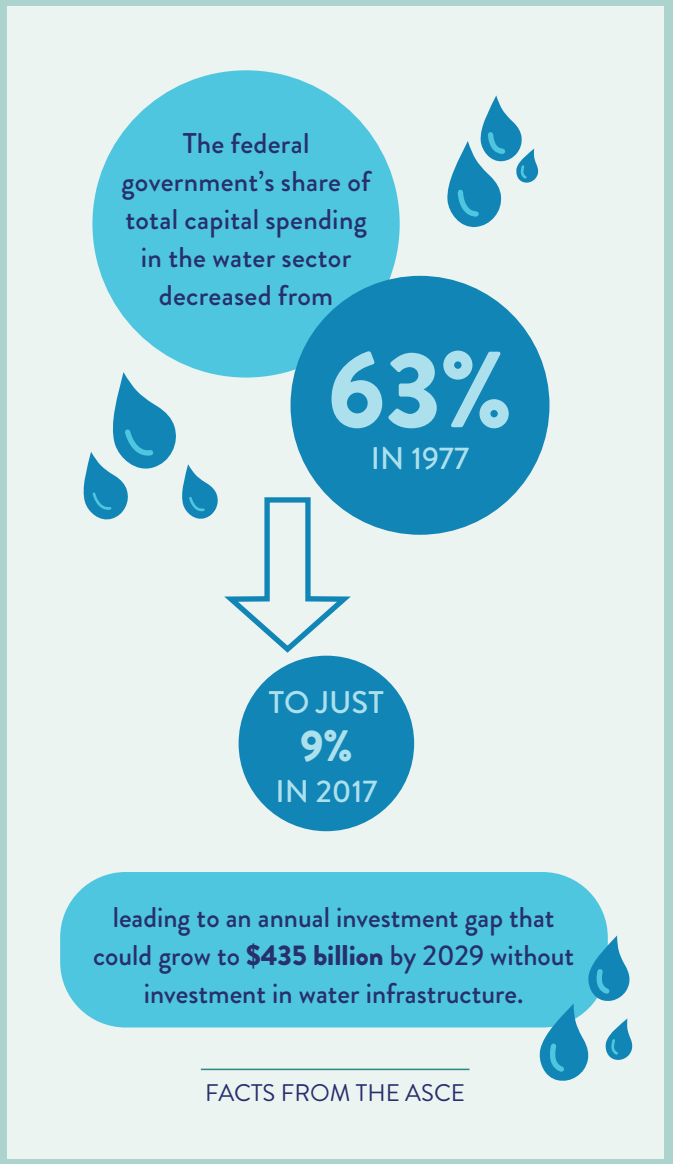


An Overview of SRFs

The Creation of Clean Water & Drinking Water SRFs

Both the Clean Water SRF (CWSRF) and Drinking Water SRF (DWSRF) were established as part of larger federal water quality and protection policies beginning in the 1980s. The CWSRF was established in 1987 as an amendment to the Clean Water Act (CWA). This program replaced the EPA's Construction Grants Program, established in 1972 under the CWA, which delivered grants directly to municipalities for much of our nation's current water infrastructure, including sewage treatment, pumping stations, and more. The creation of the CWSRF shifted this program to a revolving loan program for water infrastructure, administered by states, territories, and tribes and focused on surface water quality and CWA compliance.

The creation of the DWSRF followed in 1996 as an amendment to the Safe Drinking Water Act (SDWA) and provides a revolving loan program for states, territories, and tribes to focus funding water infrastructure projects aimed at drinking water quality and delivery as well as compliance with the SDWA. Congress appropriates money each year to both the DWSRF and CWSRF, however the need for investment in water infrastructure nationwide far outweighs the funding that is available. Additionally, the transition from a grant to loan program, and requirements for state matches in federal funds, have increased state and local financial capacity requirements, placing additional burdens on paying for infrastructure investments on the communities in need.



The SRF Process: Funding & Administration

Funding for SRF programs is appropriated by Congress annually to the EPA which distributes capitalization grants to states and territories and their SRF-administering agencies—typically state environmental agencies. In some states, the DWSRF program is operated by a health agency, and some states operate their SRFs as a partnership between a financial agency and an environmental or health agency. For example, in Oregon, the DWSRF is a partnership program between Business Oregon and the Oregon Health Authority, while the state's CWSRF is operated by the Oregon Department of Environmental Quality. Some states use interagency funding committees to review applications. To find out which agencies administer SRF programs in your state, go to this page.

Each state and territory receives a specific amount of funding determined by US EPA's allotment formulas for both the CWSRF and DWSRF. However, these formulas do not necessarily reflect an accurate assessment of need and advocates have been pushing changes that ensure funding is more appropriately disbursed. For more details on the disbursal of CWSRF and DWSRF dollars, see the Appendix, Table 1.

STATE REVOLVING FUND PARTNERSHIP

The State Revolving Fund (SRF) program is administered by three partner agencies. Colorado statute directs the Colorado Department of Public Health and Environment, Water Quality Control Division; the Colorado Water Resources and Power Development Authority; and the Colorado Department of Local Affairs, Division of Local Government (DLG) to jointly operate the program. These agencies administer the program with common goals approved and supported by the Water Quality Control Commission and the authority board of directors.

Agency responsibilities

Division	Authority	DLG
• Primacy agency. • Program administration. • Technical review and advisory role. • Manages fund set-asides. • Federal reporting.	• Financial structure. • Manages budgets and investments. • Disburses funds. • Federal and state reporting. • Provides a state match. • Loan portfolio monitoring.	• Conducts financial capacity assessments. • Financial and managerial assistance to systems. • Coordinates funding collaboration. • Program outreach.

In Colorado, the DWSRF is administered by three partner agencies with divided responsibilities, which is a more complex SRF arrangement than most. Source: CO DWSRF IUP from FY 2022.

SRF programs provide low interest loans that are at or below market rate to eligible recipients—these loans are repaid over time, with repayments going back into a "revolving" fund that can then be used for future projects. Repayment may not exceed 30 years. Historically, states have been required to provide a 20% match using non-federal funds. This means states must identify additional money—at least 20% of their annual federal capitalization grant—from other sources within their state.[1]

Authorization: Congressional authorization establishes or continues the authority for agencies to conduct programs or activities.

Appropriation: Funding is made available to federal programs and activities through an appropriations act, which details the specific funding level for each federal agency and its programs. Sometimes Congress enacts supplemental appropriations acts. It's possible for some laws, like the Bipartisan Infrastructure Law, to both authorize *and* appropriate funds for programs.

Capitalization Grants: Federal grants awarded by EPA to a state, tribe, or territory to cover part of their revolving funds. These grants "establish permanent financing institutions in each state to provide continuing sources of financing" for water infrastructure projects.

Source: A Fairer Funding Stream: How Reforming the Clean Water State Revolving Fund Can Equitably Improve Water Infrastructure Across the Country. *Natural Resources Defense Council and Environmental Policy Innovation Center* (2022).

1 However, the general supplemental funding from the Bipartisan Infrastructure Law (BIL) temporarily reduces this requirement to just 10% for the fiscal years 2022 and 2023 (base funds continue to require a 20% match).

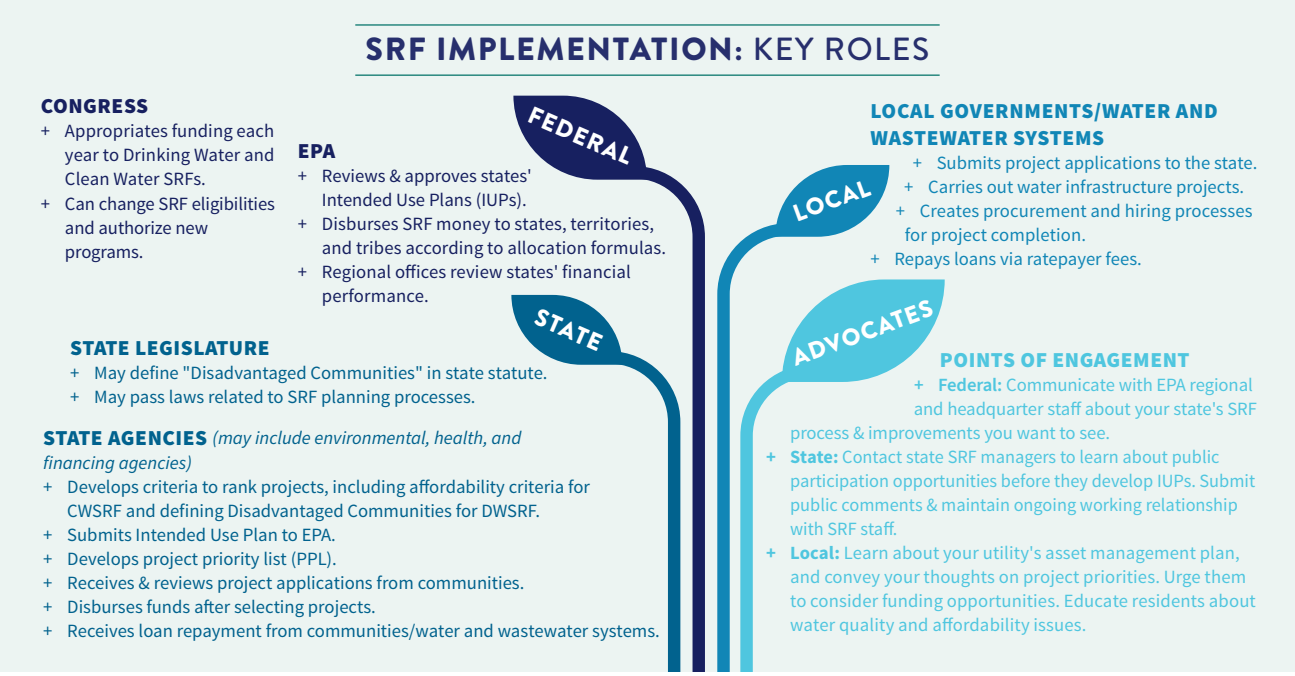
States disburse SRF assistance to eligible entities such as community water systems and wastewater utilities. Assistance can take the form of loans and additional subsidization. The vast majority of SRF funding comes in the form of loans rather than additional subsidization, though advocacy efforts are changing that calculus, as can be seen in the BIL funding, which designated 49% of all general supplemental funding as additional subsidization. For general base funding, permanent minimum additional subsidization requirements were also established through BIL, amending the Clean Water Act and the Safe Drinking Water Act. These amendments established a requirement for states to use at least 10% (and no more than 30%) of their capitalization grant for additional subsidization through the CWSRF and 13% (and no more than 35%) of their capitalization grant for additional subsidization through the DWSRF.

Tribes access SRF funding through a slightly different approach, which is described in more detail in the Tribal Set-Aside Programs section. Tribal organizations receive SRF dollars based on location, the Drinking Water Infrastructure Needs Survey, and Indian Health Service Sanitation Deficiency System data. EPA Regions, rather than states, allocate and approve grants to tribes.

Tribal Set-Aside Programs

EPA Region 2 and Region 9 offices manage SRF programs for US territories, including American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands. Funds are allocated by a formula that primarily considers infrastructure needs of water systems identified through national needs surveys, along with population size, geographical area, and the number of water systems. The territories, as well as Washington, D.C., distribute funds to SRF recipients only as grants rather than loans, unlike the states and Puerto Rico.

The following graphic provides a high-level overview of the different roles involved in SRF authorization, regulation, and distribution, and a few ways advocates can get involved. Advocacy examples are included throughout the toolkit, and you can find contact information for EPA and state SRF program staff in the Tools and Strategies section.



Additional subsidization: Awards with better ("additional") financing terms that do not need to be repaid. Additional subsidization comes in three forms:

1) **Grants** – An award of financial assistance that does not have to be repaid.[2]

2) **Principal Forgiveness** (PF) – Assists applicants to reduce the size of an SRF loan by forgiving a portion of the loan. While PF works similarly to a grant, it does not follow federal grant reporting requirements, therefore reducing administrative costs. States develop criteria to determine which projects qualify for principal forgiveness.

3) **Negative Interest Loans** – A negative interest rate reduces the total repayment amount—this is uncommonly used by states.

Drinking Water Infrastructure Needs Survey and Assessment: The EPA conducts this survey once every four years in collaboration with states, territories, and community and noncommunity water systems to project drinking water system needs for the next 20 years. The results of the assessment are reported to Congress and are the basis for determining how much DWSRF money is distributed to states, tribes, and territories.

< Find this graphic in the tools section to download or share!

2 Less than 10% of additional subsidization is distributed as grants. Principal forgiveness of loans is far more common.

The SRF Process: Eligibility & Implementation

The DWSRF and CWSRF provide funding to a range of eligible entities that both support and implement improvements to their community's water infrastructure. The DWSRF provides financial assistance to both privately and publicly owned community water systems and nonprofit, non-community water systems such as schools and publicly owned campgrounds. The CWSRF provides financial assistance to municipalities, inter-municipal, interstate, state agencies, nonprofit entities, 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. Some states do not fund private systems or private entities.

Here are some examples of water infrastructure projects that can be funded using SRFs.

EXAMPLES OF DRINKING WATER SRF PROJECTS

- Rehabilitation, replacement, or installation of pipe: for example, replacing lead service lines with pipes made of safe materials
- Upgrade facilities to comply with SDWA regulations: for example, improving filtration and disinfection systems
- Develop new sources of drinking water to increase drought resilience or replace contaminated source: for example, establishing alternative supplies through surface water or ground water

WHAT IS WATER INFRASTRUCTURE?

Water infrastructure includes centralized infrastructure that collects, treats, and distributes water and wastewater, like treatment plants, pipes, and detention ponds, as well as distributed infrastructure that occurs across a community or service area, like smart meters, leak detection devices, graywater systems, and rain catchment. Nature-based solutions play into water infrastructure as well—maintaining watershed health, improving climate resiliency, controlling water flows, filtering water and more.

Examples from US EPA's DWSRF Eligibilities and CWSRF Eligibilities

EXAMPLES OF CLEAN WATER SRF PROJECTS

- Manage, reduce, treat, or recapture stormwater or subsurface drainage water: for example, installing new interceptors, constructed wetlands, and new collector sewers
- Assessment and planning activities related to water quality, such as water and energy audits, developing an asset management plan or climate adaptation/drought management plans
- Construct a publicly owned treatment works (POTW) to treat sewage and wastewater
- Manage nonpoint source pollution
- Construct nature-based solutions

States can also use their SRF programs to offer financial assistance in the form of refinancing, purchasing a community's SRF-eligible debt, providing loan guarantees, and investing funds to generate interest earnings that remain in the fund.

See Initial Information Gathering – Questions for Reflection worksheet

See CWSRF section

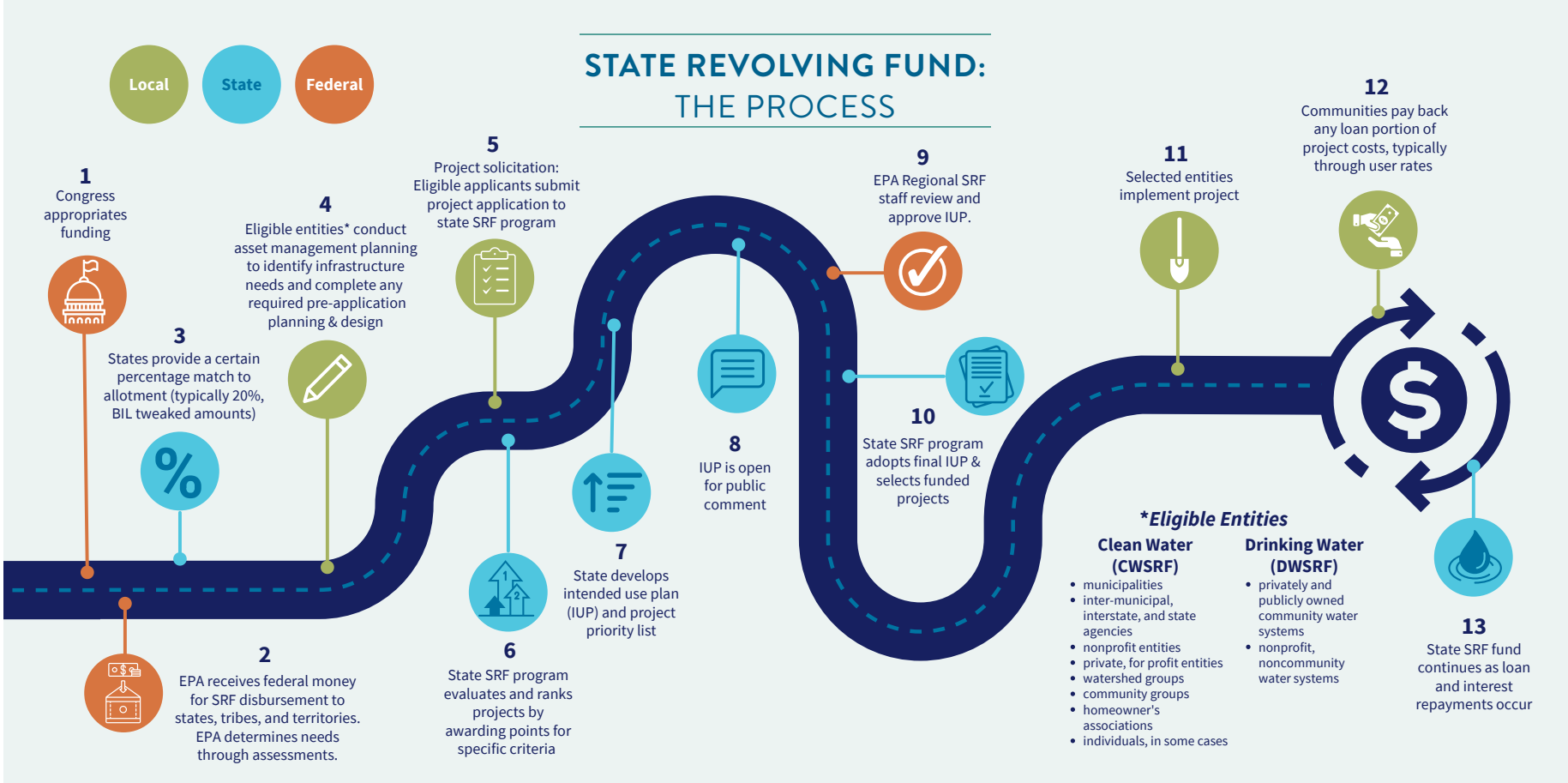
See DWSRF sections

Intended Use Plan (IUP): Each state creates an annual IUP describing the state's process for ranking projects for selection, set-aside activities, how they have defined and prioritized disadvantaged communities (DACs) for the DWSRF and affordability criteria for the CWSRF, and a list of all projects seeking funding in the next fiscal year (the project priority list). [click to hop to IUP section]

Project Priority List (PPL): The list of projects a state intends to fund. Projects are prioritized based on ranking criteria. Projects are ranked based primarily on if they address the most serious risks to human health; are necessary to ensure compliance with the requirements of the Clean Water Act or Safe Drinking Water Act; and assist systems most in need. States have different approaches to project ranking. The number of points used varies by state (I.e., New Jersey's DWSRF projects can get a maximum 3,226 points, while Indiana's DWSRF projects can receive up to 100 points). PPLs may be updated multiple times a year.

Once states receive their capitalization grants from the EPA, states determine their own calendar for both the CWSRF and DWSRF project application and prioritization deadlines. Once applications are received and priority projects are identified, the state is required to create its annual Intended Use Plan (IUP) and often an accompanying Project Priority List (PPL), which are both made available to the public. Once these draft documents are published, the state is legally obligated to provide a public comment period for stakeholders' input. There is no minimum comment period length requirement for the DWSRF or CWSRF. Some states have a three-week period, while others have 30-day comment periods. It is critical that these periods provide sufficient time for stakeholder review and comment. Public comment periods provide one opportunity to engage in the SRF implementation process, but building relationships with agency staff and/or utility staff is also crucial to communicating your policy desires for the program. Meeting with state SRF staff to discuss your priorities and concerns prior to public comment periods can help them be better prepared to understand and address your comments and create opportunities for an ongoing and productive relationship.

The graphic below provides a bird's-eye view of the SRF process, from the appropriation of funding by Congress to project implementation. Contact your state SRF program staff for details on timelines and specific requirements like completing pre-application forms. Some of the steps outlined in the graphic may occur at the same time.



Find this graphic in the tools section to download or share!

Bipartisan Infrastructure Law: Changes to SRF Administration for 2022–2026

In November 2021, the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), was signed into law. This law authorized $1.2 trillion for a variety of infrastructure investments, including a historic $50+ billion for water infrastructure projects. Most of this money will be allocated through state SRF programs. Through the BIL, tribal SRF programs will receive around $868 million. The distribution of BIL money will take place over the course of five years, from 2022-2026.

Some of the most notable changes include:

- States are normally required to provide a match of 20% of SRF funds from non-federal sources, but this has been reduced to 10% for supplemental CWSRF and DWSRF dollars in fiscal years 2022 and 2023.
- Additional subsidization increased: states must ensure that at least 49% of the DWSRF funds are directed towards projects in disadvantaged communities (DACs); for the CWSRF side, 49% must either go to communities meeting affordability criteria or recipients implementing green projects.
- States can utilize specific funds for lead service lines and PFAS contamination and other emerging contaminants. States do not need to provide a funding match for CWSRF and DWSRF emerging contaminants projects or for DWSRF lead service line projects. Projects funded through the emerging contaminants funds will be fully paid for through additional subsidization.
- Increased funding for technical assistance as part of SRF funding: states may direct up to 2% of their funds for both the CWSRF and DWSRF toward technical assistance provisions to support communities in need navigating the SRF planning, application, and implementation process.

Congress authorizes and appropriates funding to both SRF programs each year in the form of a capitalization grant, commonly referred to as "base funding" or "base allotment." The BIL authorized increased base funding and appropriated supplemental funding. This can lead to confusion in navigating requirements and processes because there are several different pots of money that states will be accessing over the next several years, with slight differences in uses and requirements. As you can see in this table, there are five different pools of money divided between the DWSRF and the CWSRF, created through BIL. Use the EPA's interactive Clean Water and Drinking Water State Revolving Funds tool to see estimated funding for each state, tribe, and territory from the Bipartisan Infrastructure Law.

SRF Investments Through the Bipartisan Infrastructure Law

Drinking Water		Clean Water	
$11.7 billion	Drinking Water SRF general supplemental • 49% loan forgiveness • 10% state match (2022–2023)	**$11.7** billion	Clean Water SRF general supplemental • 49% loan forgiveness • 10% state match (2022–2023)
$4 billion	Drinking Water SRF for Emerging Contaminants • 100% loan forgiveness (25% designated for disadvantaged communities) • 0% state match	**$1** billion	Clean Water SRF for Emerging Contaminants • 100% loan forgiveness • 0% state match
$15 billion	Drinking Water SRF for Lead Service Line Replacement • 49% loan forgiveness • 0% state match		

In addition to the supplemental funds established through BIL, annual Congressional appropriations distributes base allotments of DWSRF and CWSRF to states. For example, in fiscal year 2022, the "base" CWSRF program was $1.195 billion and the "base" DWSRF program was $728,321,956. In addition to these base dollars, Congress directed some funds towards Community Project Funding/Congressionally Directed Spending projects—also known as earmarks—over $397 million through the DWSRF and over $443 million for the CWSRF.

Justice40 and Its Connection to SRF Programs

President Biden signed Executive Order 14008 in January 2021, which established the Justice40 Initiative, among a range of other actions, to address climate change and environmental justice in a "whole-of-government" approach. The Executive Order states that "**Certain Federal investments might be made toward a goal that 40 percent of the overall benefits flow to disadvantaged communities**." The Council on Environmental Quality (CEQ) was charged with making recommendations on which Federal investments should be "covered" under the Justice40 Initiative and was also directed to coordinate with the Office of Management and Budget (OMB) to create an Environmental Justice Scorecard to track agency environmental justice performance measures.

The covered programs under Justice40 include the **Drinking Water and Clean Water State Revolving Funds**. EPA has "committed to meet and exceed the 40 percent goal for the investments of those Justice40 programs, not just the benefits."

In practice, this means that at the federal level, both CEQ and the EPA will identify and track investments to "disadvantaged communities'' for federal funding programs, including the DWSRF and CWSRF. EPA has committed to meeting the goals of Justice40 and to "transparently track and map where and when these investments and benefits occur in disadvantaged communities on a program-by-program basis." The BIL mandates that 49% of some of its SRF funds be provided as forgivable loans or grants to disadvantaged communities (for the DWSRF supplemental funding, DWSRF lead service line replacement funding, and CWSRF supplemental funding), but uses a different amount—25%—for the DWSRF emerging contaminants funding (100% of these funds are designated as forgivable loans or grants), and no disadvantaged community-specific requirement for the CWSRF emerging contaminants funding.

This process gets tricky quickly, as the SRF programs are administered at the state level, where definitions of "disadvantaged communities" vary from state to state. The term disadvantaged communities is also a distinct term typically used only in consideration in DWSRF applications, while "affordability criteria" is used for the CWSRF. Additionally, states may also have definitions of "environmental justice communities," "overburdened communities," or "disproportionately impacted communities" in their laws and may use their own mapping tools to identify communities that should receive Justice40 benefits. With so many different players, definitions, and data needs, ensuring that SRF money is equitably distributed will be a hefty effort. State SRF program managers can play a significant role in achieving Justice40 goals by making adjustments to the way they engage impacted communities, identify and select priority projects, and distribute principal forgiveness rather than loans to certain communities and projects.

To learn more about EPA's Equity Action Plan, go to the **Appendix**. *Explore the intersection of Justice40 and your state's SRF definition of disadvantaged communities in A 50-State Survey of State Policies and Decision Makers to Help Ensure Federal Investments Go to "Disadvantaged Communities" Under Biden's J40 Initiative by Lawyers for Good Government. Find information about state-level environmental justice policies and additional EJ resources on River Network's State Policy Hub and explore this compilation: State and Federal Environmental Justice, Climate Justice, Disadvantaged, and Vulnerable Community Definitions by Illume Advising.*

Clean Water SRFs

The Clean Water State Revolving Fund (CWSRF) is one of the largest federal funding programs provided to the 50 states and Puerto Rico for wastewater and stormwater infrastructure projects, such as construction of municipal wastewater facilities, implementing green infrastructure (GI), and many other projects that improve water quality. The CWSRF was created in 1987 through amendments to the Clean Water Act, replacing a construction grants program. States operate their CWSRF programs primarily using low-interest revolving loans with revenue from loan repayments available to continue financing projects in the future.

Who Can Apply for CWSRF Funds?

- Municipality, inter-municipal, interstate, and state agencies,
- Nonprofit entities,
- 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.

Some states do not fund private systems or private entities.

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

This includes devices and systems used to store, treat, recycle, and reclaim municipal sewage.

2. Nonpoint Source Pollution Control

Most CWSRF funding has historically gone to point source projects but some creative states are also using it 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.

3. National Estuary Program Projects

In Delaware, public and private entities that implement projects under the state's Estuary Comprehensive Conservation Management Plans are eligible for CWSRF assistance as long as the project is within a national estuary.

4. Decentralized Wastewater Treatment Systems

States can make businesses, community groups, farmers, conservation districts, nonprofits, and homeowners eligible for CWSRF funding for decentralized projects, including through linked deposit programs for private homeowners to replace their septic systems.

5. Stormwater Management

Stormwater management includes projects that manage, reduce, treat, or recapture municipal stormwater or subsurface drainage water and includes both gray and green infrastructure. In Camden City, NJ, 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.

6. Water Conservation, Efficiency, Reuse

In Tennessee, the state's Department of Environment & Conservation aims to use SRF funding to implement a training program for communities, utilities, and commissions about how to reduce system water loss and develop mitigation actions. In Louisiana, the state's Department of Environmental Quality worked with the St. John the Baptist Parish to install smart water meters with leak detection software to improve water efficiency.

7. Watershed Pilot Projects

These projects must meet the criteria in the Clean Water Act Section 122, which includes managing municipal combined sewer overflows (CSOs), sanitary sewer overflows, and stormwater discharges through watershed management, implementing stormwater best management practices, and reducing water quality impairments through municipality-wide stormwater management planning, among others. Public and private entities are eligible for these projects.

8. Energy Efficiency

This category includes projects that reduce the energy consumption needs of publicly owned treatment works. In Alaska, the City of Soldotna installed new high-speed turbo blowers at their wastewater treatment plant, leading to around $40,000 in energy cost savings each year, in addition to LED lighting, HVAC systems, and other new, more efficient equipment.

9. Water Reuse

In Surprise, AZ, new booster pumps send reclaimed water to maintain the city's stadium, ball fields, green belts, and landscaping, reducing the amount of groundwater pumped by 2,000 acre feet/year.

10. Security Measures at Publicly Owned Treatment Works

Eligible projects include upgrading equipment and technology to ensure secure network backups, providing on-site back up power generation, installing threat detection systems, and other systems to increase cybersecurity.

11. Technical Assistance

The New Mexico Environment Department Construction Programs Bureau provides technical assistance to utilities related to asset management and improving operational and managerial capacity.

Through BIL, 49% of funds provided through the CWSRF General Supplemental Funding must be provided as additional subsidization to the following assistance recipients or project types (excerpted from EPA's BIL SRF Implementation Memo):

- Municipalities that meet the state's affordability criteria. Note that your state may use a different set of parameters when determining affordability criteria through the CWSRF compared to their definition of "disadvantaged community" through the DWSRF.
- Municipalities that do not meet the state's affordability criteria, but seek additional subsidization to benefit individual ratepayers in the residential user rate class who would otherwise face financial hardship through rate increases used to finance the project.
- 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.

Ensuring these funds make it to communities most in need is critical. Advocates can support this process in the following ways:

- Promoting changes to state processes to provide communities with more predictability regarding the outcome of the financing process (i.e., receiving a grant, loan, principal forgiveness, or some mixture).
- 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 includes funding for communities most in need and the affordability criteria use the most effective metrics for identifying those communities.
- Advocating for their state to improve their public engagement opportunities, including making the IUP process more transparent and accessible for public review.
- Advocating for equitable affordability criteria. State capitalization grants are roughly based on needs assessments. Water advocates could work to improve these assessments at the state level.

For more information on how to play an active role in this process, see the Tools section.

Affordability Criteria

CWSRF programs are required through the Clean Water Act to use affordability criteria to identify economically disadvantaged municipalities based on income data, unemployment, and population trends. Many states rely on median household income (MHI) and unemployment rates at the county or state level, along with population trend thresholds measured by census data. States may create affordability criteria through state statute, administrative rule, or as a policy through an IUP. Revising a statute or rule can be difficult.

States have discretion to include other data in the criteria and determine which criteria is "most relevant." This can provide an opportunity for states to consider a broader range of information that could impact affordability, like health, education, and other factors that may contribute to social vulnerability. Additional subsidization may be provided to applicants who meet a state's established affordability criteria and who would otherwise have difficulty financing projects.

The following three examples show states' different approaches to defining affordability criteria and how they include it to allocate priority points for their project priority lists. An equally important concern is how affordability criteria are used for the distribution of principal forgiveness to applicants.

MEDIAN HOUSEHOLD INCOME (MHI) LIMITATIONS

The Median Household Income metric (MHI) refers to the middle income of a defined community—meaning 50% of that community earns more income and 50% earns less income. In this instance, states often define a community based on census tracts. Because many households may fall far below the median for their community, using MHI as the primary tool to determine affordability is ineffective as it does not accurately measure the actual prevalence of poverty in a given community and a given household's ability to pay their water bill.

The American Water Works Association (AWWA) provides an overview of the pitfalls of relying on MHI as a measure of affordability needs in their report *Assessing the Affordability of Federal Water Mandates.*

Other indicators that could be used to better assess affordability impacts include:

- Poverty rate
- Lowest quintile income
- Unemployment rate
- Other household cost burdens
- Social vulnerablity index

States' Definitions of Affordability Criteria and Project Priority List Ranking	States' Consideration of Affordability Criteria in Determining Distribution of Principal Forgiveness
OREGON **2023 –** Oregon's Administrative Rule outlines how the Department of Environmental Quality (DEQ) establishes affordability criteria. The most weight is given to "distressed communities" using Oregon Business Development Department's Oregon Distressed Index, and considers negative population trends calculated using the American Community Survey. The index varies for counties, cities, and "other geographic areas." Oregon's CWSRF project ranking criteria does not include affordability criteria. Project ranking criteria are vague, and include: water quality standards, public health considerations, watershed health benefits, natural infrastructure inclusion, and "other considerations" according to the 2023 IUP.	Principal forgiveness eligibility includes applicants that either meet affordability criteria, address water-efficiency goals, energy-efficiency goals, to mitigate stormwater runoff, or to encourage sustainable project planning, design, and construction, or "applicants that do not meet the previous two requirements but have **individual ratepayers who will experience financial hardship from a rate increase that financing a project causes. Applicants qualifying under this section must have an established ratepayer hardship assistance program.**" In Oregon's FY 2023 IUP DEQ reserved **70% of the principal forgiveness allocation for applicants that meet affordability criteria as a distressed community** (DEQ reserves the other 30% of PF for projects meeting green/sustainability criteria).**DEQ will award up to $500,000 in principal forgiveness per project, or 50% of the loan for a distressed community.** Eleven cities qualified for principal forgiveness based on affordability criteria in FY 2023.
MICHIGAN **2023** – Michigan's affordability criteria is defined in the state CWSRF laws, and are referred to as a "disadvantaged community determination." In the state's FY 2023 IUP, designation as a disadvantaged community means these conditions are met: "1. Users within the area served by a proposed project are directly assessed for the costs of construction. 2. The median annual household income of the area served by a proposed project does not exceed 120% of the statewide median annual household income (MAHI) for Michigan. **3. The municipality demonstrates at least 1 of the following:** a. More than 50% of the area served by the proposed project is identified as a poverty area by the US bureau of the census. b. The median annual household income (MAHI) of the area served by a proposed public water supply project is less than the most recently published federal poverty guidelines for a family of 4 in the 48 contiguous United States. In determining the MAHI of the area served under this the municipality shall utilize the most recently published statistics from the US bureau of the census … c. The MAHI of the area served by a proposed project is less than the most recently published statewide MAHI for the state and annual user costs for water supply exceed 1% of the median annual household income of the area served by the project. d. The MAHI of the area served by the project is not greater than 120% of the statewide MAHI for this state and annual user costs do not exceed 3% of the MAHI of the area served by the project."	In 2023, the Department of Environment, Great Lakes, and Energy (EGLE) planned to provide a total of $68,018,720 in principal forgiveness, along with grant money exceeding $210 million from the American Rescue Plan. Projects were placed in three tiers to allocate funding: Tier 1 – **100% ARP grant. Projects qualifying as disadvantaged with a MAHI less than $35,000.** Tier 2 – 50% ARP grant, principal forgiveness, or some combination thereof. **Projects qualifying as disadvantaged with a MAHI greater than $35,000.** Tier 3 – 10% ARP grant, principal forgiveness, or some combination thereof. **All other projects not identified as disadvantaged.**

MAINE

2023 – Maine's affordability criteria includes consideration of income, unemployment data, and population trends. The Department of Environmental Protection (DEP) uses two additional criteria to determine municipality's ability to raise the revenue necessary to finance a project – **the municipality's poverty rate and the sewer user cost as a percentage of the Median Household Income (MHI). The five criteria are weighed the same but are not included in project ranking criteria**.

In 2022, principal forgiveness was awarded to projects that will realize the most environmental benefit and are dependent upon the project's environmental ranking compared to other ranked applicant's projects in the funding year. Environmental ranking factors include water supply protection (30 points), lakes protection (25 points), shellfishery protection (20 points), water quality concerns (15 points), and facility needs (10 points).

"A municipality's affordability points must exceed the total of State average points by 40% in order to be eligible for additional subsidization (principal forgiveness). Therefore, the sum of a municipality's affordability criteria must be a minimum of 7.0 (140% of 5.0) points to be eligible for possible affordability principal forgiveness". For BIL supplemental funding, the state reduced this threshold to 120%.

The Maine Department of Environmental Protection estimates that approximately 20-25% of the municipalities in the state with wastewater infrastructure would meet the minimum requirement for principal forgiveness.

In Maine's 2022 IUP, affordability principal forgiveness was available for projects "that have the most environmental benefit and would experience a significant hardship financing the project if additional subsidies were not provided." The state uses a formula to provide proportionally more principal forgiveness to communities that have greater need (have higher affordability points).

EXAMPLE PROGRAM RECOMMENDATIONS FOR ADVOCATES

The Pennsylvania Environmental Council (PEC) submitted comments on the draft FY 2022 CWSRF IUP to the Pennsylvania Department of Environmental Protection (DEP). PEC requested that PENNVEST—the agency that administers and finances SRFs in the state—establish a grant-only program for a "clear, simple, and transparent process for disadvantaged and environmental justice communities[3] to apply for these PENNVEST Clean Water subsidized funds" and to separate this simplified grant process from the traditional affordability steps taken during funding decisions. They further explained their justification, stating, "Complicated processes deter participation particularly in the very communities being targeted...those with few resources and limited staff capacity. Predictability and less complexity will enable more funds to reach disadvantaged and environmental justice communities."

Advocates should engage in ground truthing with community members and public utility leaders and managers in their state to understand the challenges they are facing, and to identify the most important strategies to ensure that water infrastructure funding is directed to the communities that need it most.

3 Advocates using the term "environmental justice communities" generally are referring to communities that experience disproportionately more negative environmental pollution, climate threats, and public health problems related to their proximity to polluting industries, exposure to failing infrastructure, etc. A community's demographic and socioeconomic characteristics—particularly race and class—influences the environmental benefits and burdens they experience, with Black and Latinx populations more likely to suffer from environmental injustices. Some states have defined "environmental justice communities" in law or through regulation to identify where to target investment, consider permitting and siting decisions, and monitor environmental pollution. For example, in Pennsylvania, the Department of Environmental Protection defines an "EJ area" as " any census tract where 20 percent or more individuals live at or below the federal poverty line, and/or 30 percent or more of the population identifies as a non-white minority, based on data from the U.S. Census Bureau and the federal guidelines for poverty."

Drinking Water SRFs

The Drinking Water State Revolving Fund (DWSRF) program was created in 1996 through SDWA amendments. It is one of the largest federal funding programs for drinking water infrastructure projects, such as improving drinking water treatment, maintaining and improving pipes and storage facilities to ensure continuous access for households, schools, and other drinking water users, and many other projects that promote access to clean and safe drinking water.

Under BIL, the DWSRF received additional funding between 2022-2026 to address the many infrastructure needs across the country, including dedicated funding for lead service line replacement and emerging contaminants like PFAS. Through BIL, on top of these specific programs, 49% of supplemental DWSRF funds must be provided as additional subsidization to disadvantaged communities (DACs).

States are required to give priority to projects funded through DWSRF to address the most serious risks to human health, ensure compliance with SDWA requirements, and assist systems in disadvantaged communities. There is quite a bit of discretion and flexibility given to states for determining how to spend their capitalization grants. States can use up to 31% of their capitalization grants as "set-asides" to build technical, managerial, and financial (TMF) capacity of their water systems through state programs and third parties.

Who Can Apply for DWSRF Funds?

- Publicly owned community water systems
- Privately owned community water systems
- Nonprofit, non-community water systems (such as schools and publicly owned campgrounds)

The six eligible project categories for DWSRF assistance are:

1. Treatment

The village of Philadelphia, NY, received DWSRF funding to construct a new water treatment building. Killingworth, CT, used funds for PFAS and sodium remediation.

2. Transmission and Distribution *(such as repairing or replacing pipes)*

Hillsboro, OH, replaced old lines, joints, and valves, some of which were made of lead.

3. Source *(development of sources to replace contaminated sources, rehabilitation of wells)*

In Cadillac, MI, new wells and transmission lines were installed to replace older wells contaminated by a Superfund site.

In Nebraska, nitrate contamination in the groundwater from fertilizer application has prompted dozens of communities to either drill new wells or connect to another water source.

4. Storage

Aquifer storage and recovery systems are eligible for DWSRF projects, which can include storage tanks, wellhead structures, pumps, pipes, and wells.

5. Consolidation *(connecting water systems)*

In Dillard, GA, plans to construct a water tank and extension of the water system aims to connect residents to a public water system.

6. Creation of New Systems

In Centertown, MO, a new water tower and waterlines were installed to replace a deteriorating older water system.

DWSRF Set-Asides:

Besides providing funding for updated or new infrastructure, each state can use some of their annual capitalization grant from the EPA to "set-aside" for administration and technical assistance (4%), small system technical assistance (2%), state program management (10%), and local assistance and other state programs (15%). Go to the Technical Assistance section to learn more. Pre-construction activities, like planning and design, can be paid for using set-asides. Set-asides can also finance local source water protection initiatives.

Using DWSRF Set-Asides for Local Source Water Protection:

The State Program Management set-aside allows states to administer source water protection programs, and the Local Assistance and Other State Programs set-aside also can be used for source water quality protection efforts.

For example, in South Carolina, set-aside funds support public organizations like local governments, public drinking water utilities, soil and water conservation districts, watershed organizations, and nonprofit organizations to develop watershed-based plans (WBPs). These plans provide a framework for watershed-based water quality improvement activities to address surface water pollutants that may negatively impact the drinking water system's source water. The South Carolina Department of Health and Environmental Control disburses funds as grants on a quarterly basis for reimbursement of costs incurred by grantees.

Advocates can get involved by:

- Working with local communities and water utilities to identify eligible projects and ensure they are prepared to apply for SRF funds. While advocates may not have the technical skills to directly assist in the drafting of an application, advocates can help connect water systems to technical assistance, and can organize grassroots support for local electeds to pass a resolution in support of a project, often required as a part of the application.
- 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 the state definition of DACs uses the most effective metrics for identifying those communities.
- Providing comments and feedback for changes related to the ranking process to increase the weight of certain components.
- Advocating for their state to improve their public engagement opportunities, including making the IUP process more transparent and accessible for public review.
- Changing state processes to provide communities with more predictability regarding the outcome of the financing process (i.e., receiving a grant, loan, principal forgiveness, or some mixture).
- State capitalization grants are roughly based on needs assessments. Water advocates could work to improve these assessments at the state level.

Disadvantaged Communities (DACs)

The SDWA requires each state to define "disadvantaged communities"—commonly referred to as "DACs"—to identify water systems that qualify for additional subsidies. 12-35% of capitalization grants are required to be used as additional subsidization for DACs through base funding (separate from BIL supplemental funding). State definitions of disadvantaged communities vary widely, and EPA's guidance memo urges states to revise and update both their affordability criteria for CWSRFs and their definition of DACs for DWSRFs to improve the equitable distribution of additional subsidies to urban and rural communities that would otherwise struggle to obtain financing. States may use an applicant's designation of DAC in awarding points in their ranking criteria for project priority lists. In addition, state SRF programs can set longer loan terms, lower interest rates, and other assistance to water systems serving DACs. For example, in Maryland, the standard interest rate is 50% of the market rate, but the DAC rate is 25% of the market rate and loans can extend up to 40 years for DACs. Some states may apply the same DAC criteria for all of these types of additional assistance, but they may choose to tailor DAC definitions for different purposes.

States may define DAC through state statute, administrative rule, or as a policy through an IUP. Revising a statute or rule can be difficult. If your state defines DAC through state statute and you have a relationship with a state legislator, you may want to encourage them to introduce legislation to amend the DAC definition. For example, Michigan passed legislation in 2022 clarifying that the Department of Environment, Great Lakes, and Energy (EGLE), the agency administering SRFs, can develop its own scoring criteria and develop definitions of overburdened community and significantly overburdened community, and must consult key associations and organizations and provide opportunity for public comments and a hearing in EGLE's decision-making process. Changes will take effect for FY 2024 projects. If the DAC definition is in legislation, new legislation might be one approach to amending it, but another solution might include adding other criteria to the IUP process that is defined in guidance or regulation.

It's important to note that the same DAC criteria defined in a statute or rule does not have to be adopted in an IUP unless explicitly stated in state law. Many state agencies have the authority to determine how principal forgiveness is allocated and can make changes to DAC criteria.

States may use different disadvantaged community criteria for different BIL and base capitalization grants, which may help better target specific funding (like lead service line replacement funds) to communities with greatest need. If a state does use more than one DAC definition, it will be explained in the Intended Use Plan.

Common indicators that states use in their definition of DAC include Median Household Income (MHI), system size, and water rates. Relying solely on MHI excludes details on the level of poverty within a community and may not do a good job of truly showing if households in a community can afford increased water rates that may result from taking out an SRF loan. Water rates are used to measure drinking water affordability, often as a percentage of MHI. About a third of states use the number of people served by a water system within their DAC definition, primarily focusing on small systems that serve 10,000 people or fewer. While small and rural communities often face affordability challenges, not all small systems struggle financially, and many poor urban areas may be excluded using these criteria.

Check out this blog post from Environmental Policy Innovation Center that reviews advocacy strategies from Wisconsin—including improving the methodology for how DACs are defined using a scaled point system to allocate principal forgiveness.

The three examples below are pulled from EPA's *DWSRF Assistance to Disadvantaged Communities: A Summary for States* and demonstrate the variability between state definitions. Consider what factors you think should be present in a definition of DAC. Which communities are included or excluded? Should a community's designation as a DAC be on a gradient (see Georgia), weighted by MHI (see Indiana), or be designated using environmental justice (EJ) criteria, such as Maryland's use of "Environmental Benefit Districts"?

States' Definitions of Disadvantaged Communities and Project Priority List Ranking	States' Consideration of Disadvantaged Community Status in Determining Distribution of Principal Forgiveness & Other Loan Terms
GEORGIA Georgia Environmental Finance Agency's (GEFA's) affordability criteria is used to award principal forgiveness to Georgia's most disadvantaged communities. The criteria include median household income (MHI), unemployment percent, percentage not in labor force, poverty rate, percentage on Social Security, percentage on Supplemental Security Income (SSI), percentage with cash public assistance, percentage with Supplemental Nutrition Assistance Program (SNAP), age dependency ratio, and population trend from the U.S. Census Bureau's 2018 American Community Survey. **The borrower's data is categorized in 25th, 50th, and 75th percentiles and used to calculate an affordability score and principal forgiveness percentage** and principal forgiveness cap. Projects are scored and ranked using points. GEFA's total project maximum score is 100, and the 2022 IUP shows how project ranking and affordability scores are listed separately.	A project in a disadvantaged community may have a loan extension up to 40 years, not to exceed the useful life of the project. For principal forgiveness, project scores and affordability scores are considered and caps are used for different levels of PF. GEFA categorizes applicants into four percentiles across the 10 criteria (listed in the left column). For FY 2022, the affordability score and potential principal forgiveness percentage broke down as: a score of 34 (out of 40 max) will receive 50% principal forgiveness, not to exceed $1.5 million, score of 30-33 will receive 40%, not to exceed $1.3 million, and a score of 29 will receive 35%, not to exceed $1 million.

INDIANA

The Indiana Finance Authority includes consideration of disadvantaged communities in their project scoring and ranking system. The PPL is updated quarterly. Updates in 2022 to the state's disadvantaged community criteria enabled consideration of projects that "positively impact smaller areas of disadvantage within a wider community."

DACs are defined as any applicant that meets one of the following:

"1) A project area with an MHI below 80% of the State MHI, as established by 2015-2019 American Community Five Year Survey;

2) Projects that have a **positive, direct impact on a census tract(s), or other targeted project area,** which has an MHI below 80% of the State MHI may also receive Additional Subsidization;

3) An estimated post project user rate greater than $45.00 per month;

4) An average annual residential post project user rate that would exceed one (1%) percent of the Participant's Median Household Income (MHI)."

Indiana ensures that DACs receive the lowest interest rate available to DWSRF participants and may extend the loan terms to 40 years for DACs.

A project may receive up to 100 points, with an additional 30 "bonus points" possible on the PPL. "Affordability and population" is given up to six points. "Affordability" is tied to the post-project annual water bill as a percentage of MHI and only applies to community water systems. A maximum of one point is given to projects that serve a population less than or equal to 10,000.

There is no cap on the amount of principal forgiveness an applicant may receive. In FY 2022, Indiana provided additional subsidization through base funding to DACs, as well as the required 49% of the BIL general supplemental funding.

MARYLAND

In 2015, the disadvantaged community (DAC) eligibility criteria was revised to make it consistent with the Water Quality SRF program:

1) Water user rate per year per Equivalent Dwelling Unit (EDU) > 1% of Community Median Household Income (MHI);

2) **Project is physically located and benefits a Maryland Department of the Environment-approved Environmental Benefit District;**

3) Project is physically located and benefits a community with MHI less than 70% of State MHI;

4) Project is physically located and benefits a community in a Maryland County (including Baltimore City) with a high unemployment rate (upper 33rd percentile);

5) Project is physically located and benefits a community in a Maryland County (including Baltimore City) where the U.S. Census data shows a declining population.

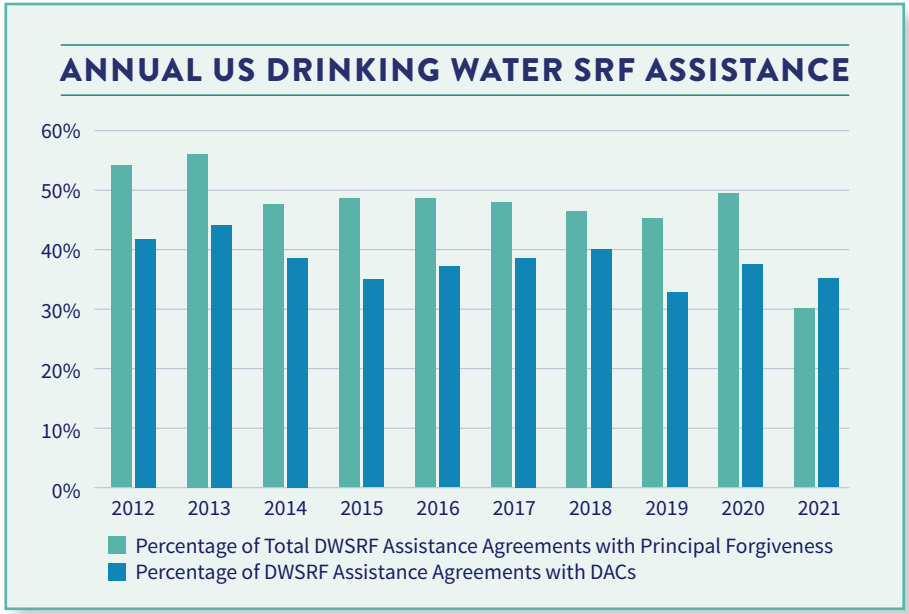
Projects are scored and ranked using points. A total project maximum score is 200, and "affordability" accounts for a maximum of 10 points, and only considers community MHI. The other DAC criteria listed above (2-5) qualify projects for additional subsidy, lower interest rates, and longer loan terms.

The loan term may be up to 40 years for a DAC and the interest rate is set at 25% of the market rate.

DAC projects are eligible to receive up to 50% of the DWSRF financing as loan principal forgiveness.

Additional subsidy is provided to DAC applicants in priority ranking order and readiness to proceed to construction.

According to the FY 2021 IUP, "It has been MWQFA's policy that loan principal forgiveness not exceed $1.5 million per project and/or applicant; however, the Administration reserves the right to provide additional subsidy, should circumstances warrant."



Data from EPA's DWSRF State and National IMS Report. https://www.epa.gov/sites/default/files/2020-12/documents/state_and_national_ims_report.pdf

In the graph above, you can see the percentage of total DWSRF agreements made that included principal forgiveness, and the percentage of DWSRF agreements made with DACs over the course of ten years.

Once you have identified your state's DAC definition and understand how they allocate principal forgiveness and consider DAC in project priority ranking, you can assess how to strengthen the definition and/or allocation of principal forgiveness to disadvantaged communities. In the case of the Indiana and Maryland 2021 definitions above, these states only consider median household income (MHI) when scoring projects for the PPL, and affordability only accounts for 10% or less of a project score overall.* States could expand the indicators they consider when scoring projects, how they weigh each indicator, and increase the maximum number of points a project receives for affordability considerations to improve the chances of a DAC-designated project getting ranked higher on the PPL. If your state uses a flat cap to distribute principal forgiveness, it will likely make it more challenging for larger systems that have bigger (and more expensive) water infrastructure needs to qualify for an adequate amount of principal forgiveness.

**States are reevaluating their DAC definitions; hence these state examples may shift over time.*

ADVOCACY EXAMPLES:

Propose that projects should be ranked for distribution of principal forgiveness according to their principal forgiveness points, instead of how they rank on the Project Priority List (PPL). For example, in **Wisconsin**, the Coalition on Lead Emergency (COLE) and the Environmental Policy Innovation Center (EPIC), submitted comments in 2022 urging the Wisconsin Department of Natural Resources to "avoid the use of flat caps on principal forgiveness, which would have the effect of undermining the PF eligibility assessments... [and] rank communities for the distribution of principal forgiveness in accordance with their PF scores, rather than PPL scores."

Lead service line (LSL) replacement funding can be prioritized based on the prevalence of lead service lines in a community rather than by community size. In 2020, **Newark, NJ**, Mayor Ras Baraka submitted comments to the Department of Environmental Protection (DEP) arguing that the annual cap for principal forgiveness for LSLs of $10 million unfairly limits the total principal forgiveness available for systems with high amounts of LSLs and requested that DEP maintain its previous cap of $20 million for systems with over 5,000 LSLs. DEP responded by explaining that they were constrained by the amount of available principal forgiveness and were trying to balance the needs of LSL replacement projects in several DACs. *However*, DEP made changes in the IUP to fund an additional $10 million for Newark's LSL replacement project through the state's Water Bank. This advocacy approach may not be the right fit for each state, so consider what you know about lead service line distribution in your state. If inventories exist showing that they are prevalent across a slew of small, low-capacity communities, it may be more appropriate to advocate for additional subsidization of the full project costs up to a maximum amount in order to eliminate the presence of lead more quickly across communities.

Considering the specific geographic and/or climate issues in your state, you could make targeted recommendations to increase the level of climate resilient projects. For example, in **California**, the Community Water Center, Leadership Counsel for Justice and Accountability, and Clean Water Action submitted comments in 2022 recommending a 5% set-aside for small water systems serving DACs to prepare for drought impacts.

Watch: SRF Training Series: Influencing SRF Implementation, which includes an overview of Intended Use Plans by Nick Leonard of the Great Lakes Environmental Law Center, and a presentation by Janet Pritchard of Environmental Policy Innovation Center on how states define DACs and allocate principal forgiveness.

Identifying & Understanding Funded Projects: State Intended Use Plans

States ultimately have the most control over how SRF dollars flow to communities, and how much money each community receives. Water advocates can plug into state decision-making processes through several ways—and a central one is advocating for changes through Intended Use Plans (IUPs).

IUPs are a federal requirement of the SRF program. Each state creates an annual IUP describing the state's programmatic goals, the process for ranking projects applications for selection and accompanying Project Priority List (PPL), how set-aside funding will be used, how they have defined and prioritized disadvantaged communities (DACs) (for DWSRF) and affordability criteria (for CWSRF), a description of public review and comment, criteria and methods for distributing funds, and a list of all projects seeking funding in the next fiscal year. A *draft* IUP is published and subject to public review and comment and must also be submitted to EPA prior to EPA awarding the state's capitalization grant. There is no federal minimum for a public comment period for a state's IUP, so get in touch with your state's SRF program staff to find out when the draft IUP will be open for public comment, and for how long.

Due to the creation of specific designated uses of some Clean Water and Drinking Water SRF money through BIL, as well as differences between base and supplemental funding, some states may issue more than one DWSRF or CWSRF IUP in the coming years, such as individual IUPs for base funding, supplemental general BIL funding, and funding for LSLR and emerging contaminants. Other states will combine these into one document. Each IUP must have a public review and comment period.

WHAT'S IN AN INTENDED USE PLAN (IUP)

Each state's CWSRF and DWSRF IUP looks a little different than the next. Here are some common components.

1. **SRF Introduction** The IUP document provides an introduction to how the SRF program is administered by the state, the funding amount established for the fiscal year, the amount of principal forgiveness allocated, and any other details the state agency finds pertinent to include, like eligible applicants, an acronym key, and any program changes (common since the passage of BIL).
2. **Structure of SRF** This section describes how the state manages the SRF. If the state leverages the funds through bonds, that process is described here. Eligible and ineligible use of funds may be listed.
3. **Allocation of Funds & Programmatic Requirements** Details the total amount of loans committed for the year, funds available through the capitalization grant and state general fund match, as well as interest earnings, state match bonds, and civil fines. It may describe the advantages of using SRF funds and list interest rates by loan term (i.e., 20 years at 1.875%, 30 years at 2.125%). Includes timelines for the application process. You may find the methodology for affordability criteria/DAC definition, the amount of principal forgiveness a project is eligible for, and green infrastructure principal forgiveness. Davis-Bacon, American Iron and Steel, and Build America, Buy America (BABA) requirements are explained.
4. **Program Goals** States are required to include short-term and long-term goals in their SRF IUPs. Goals provide insight into the state's investment priorities and can be a good section to reference in public comments. Common goals focus on maintaining compliance with state and federal water laws, rules, and standards, providing low-cost financing to water systems, and efficiently obligating funding. Unique goals could describe the state's focus on removing lead service lines, addressing climate resiliency, etc.
5. **Set-Asides** Explains how funds are distributed, including how set-aside funding will cover state administrative costs, staff training, the amount of set-aside funding for small systems technical assistance, wellhead protection, local assistance for capacity development, and other eligible set-asides.
6. **Public Review & Comment** Lists when the public comment period is open and the date(s) of public hearings on the draft IUP and PPL. Generally, includes contact information for agency staff.
7. **Attachments/Appendices** Common attachments or appendices include the PPL ranking criteria describing point allocation, affordability criteria, Davis-Bacon wage requirements, etc.
8. **Project Priority List** Some states may publish the PPL as a separate document, but it is often included at the end of the IUP. The PPL lists projects with key information such as county, project description, population, total points based on the ranking score, project amount, where the amount is coming from, if the project occurs in a DAC, total principal forgiveness, and other factors.

Find this graphic in the tools section to download or share!

Allocation of Funds: Ranking Criteria & Methods for Distribution of Funds, Programmatic Requirements

The IUP includes the state's explanation of how they determine priority ranking of projects. For the DWSRF, priority projects tend to address risks to public health, compliance with the Safe Drinking Water Act (SDWA), and projects serving disadvantaged communities. For the CWSRF, projects are commonly prioritized according to water quality impacts, existing enforcement actions (i.e., if a publicly owned treatment works is under a consent decree), and projects that meet affordability criteria.

Looking at your state's IUP, you should be able to find information on how projects are evaluated and assigned scores based on ranking criteria. Based on the ranking criteria, which kinds of projects are getting onto the project priority list? Are there some criteria that don't get enough weight (points)? For example, in 2021 Kentucky's CWSRF priority system gave more weight to projects that correct combined sewer overflow and sanitary sewer overflow problems, and less weight to projects addressing decentralized wastewater treatment systems like septic systems. About 40% of homes in Kentucky rely on septic systems: does the PPL reflect this, or do projects addressing decentralized wastewater treatment systems need to be assigned more points to rank higher?

ADVOCATE ADVICE

"Organize your comments around the structure of the Intended Use Plan and any included priority rubrics. Suggestions should correspond to and reference a line item (e.g., we believe criteria 1.D deserves a greater point value because…) so that government staff can easily understand what is being asked of them. Broad and nebulous comments will be more difficult to translate into actionable outcomes. In North Carolina, the Division of Water Infrastructure's staff provides a written response to all comments they receive on IUPs. Organizing comments on their terms helps them process comments more easily and shows you are reading and analyzing the materials they have worked hard to prepare. This is not a guarantee that your comments will be incorporated, of course, but it is a way to take your audience into consideration when drafting your suggestions."

–GRADY O'BRIEN, NORTH CAROLINA CONSERVATION NETWORK

Organizations can make recommendations through public comments on how to ensure equity within the SRF process. These examples from New Jersey and Pennsylvania highlight two such proposals:

Prioritizing Frontline and Disadvantaged Communities in IUP Comments

New Jersey Future recommended through formal comment in the FY 2023 IUP that the state's Department of Environmental Protection "make every effort to get feedback from community-based organizations in marginalized frontline communities in order to understand and apply their knowledge and insights about how the IUPs will affect their opportunities to benefit from the funding." They further recommended that DEP "**complement its one-year IUPs with a five-year Justice40 water financing policy framework** to clearly articulate measurable goals, strategies, actions, and progress achieved." You can read more details that New Jersey Future put forward regarding this proposal.

In comments regarding the 2022 CWSRF draft IUP, Pennsylvania Environmental Council recommended that PENNVEST change the priority rating for environmental justice communities and for distressed communities, explaining, "These two factors collectively now represent just 7 percent of the maximum total score of 175 points. We also recommend that the rating factors both be of equal value, rather than valuing environmental justice communities less than distressed communities."

Programmatic Requirements

Davis-Bacon requirements refer to federal prevailing wage rules that apply to contractors and subcontractors working on construction projects that are federally funded. Recipients of CWSRF and DWSRF financing must comply with Davis-Bacon requirements, which includes standards for wages and fringe benefits, submitting payroll records, and maintaining adequate recordkeeping. To learn more about SRFs and local workforce and contractor development, head to the Workforce Development section.

American Iron and Steel (AIS) requirements apply to construction alteration, maintenance, or repair of public water systems (DWSRF) and treatment works (CWSRF). This provision requires recipients of SRF financing to use iron and steel products produced in the US (i.e., pipes or fittings, tanks, structural steel, construction materials). EPA may waive this requirement in some circumstances. AIS requirements *do not* apply to tribes, territories, or Washington, D.C.

Build America, Buy America (BABA) came into existence through BIL, strengthening "Made in America" laws with the goal of supporting high-paying domestic jobs and the industrial sector of the US. Based on guidance from the Office of Management and Budget (OMB), EPA requires domestic preference for iron and steel products used in water infrastructure projects if the project is funded in part by federal dollars.

Programmatic Goals

An IUP must include a state's goals and objectives, including short-and long-term goals for the SRF program. States provide annual reports to their Regional EPA offices that include their progress on reaching the goals outlined in their IUP. While utilizing the public comment period for the IUP is an important action, advocates should be in communication with state agency staff *ahead* of the publication of a draft IUP to better understand and make suggestions for how to reach your state's short- and long-term goals via the SRFs, such as prioritizing equitable investment, targeted use of technical assistance funding (TA), completion of lead service line removal, and other state priorities. These same suggestions for amending short- and long-term goals can and should be formally submitted during the public comment process.

Below are examples of short-term goals from three states, North Carolina, Wisconsin, and Iowa. You can see that Wisconsin's short-term goals are far more detailed than North Carolina's[4], and explicitly prioritize economically disadvantaged communities, low-income rate payers, lead abatement and removal, addressing emerging contaminants, and climate resiliency. One of Iowa's goals is to require DWSRF applicants to hire a Municipal Advisor to assist with cash flows, rate setting, debt service coverage, and other financial aspects. Up to $4,000 in costs for hiring a Municipal Advisor will be reimbursed through the SRF program. The majority of Iowa's short-term goals relate to compliance and implementation of BIL guidance from EPA, including revising affordability criteria and the definition of disadvantaged community.

North Carolina Department of Environmental Quality FY 2022–2023 Draft IUP for DWSRF Short-Term Goal

Continue efforts to inform local government units of the availability of funds, benefits of the DWSRF program, and funding process improvements.

Wisconsin Department of Natural Resources FY 2022–2023 Draft IUP for DWSRF Short-Term goals

- Provide financial assistance, including principal forgiveness, to economically disadvantaged communities for the purpose of installing the necessary infrastructure to provide safe drinking water.
- **Research methods to provide additional assistance to water systems with programs that assist low-income rate payers.**
- Explore avenues to support pre-apprenticeship, registered apprenticeship, and youth training programs that open pathways to employment.
- Continue to develop and improve strategies, programs, and mechanisms to ensure, improve, and evaluate the ability of public water systems to provide safe drinking water.
- **Implement the Lead and Copper Rule and prepare to implement the Lead and Copper Rule revisions including conducting inventories and funding lead service line replacement.**
- Provide financial assistance, including principal forgiveness, to public water systems that have reported private lead service lines to the PSC for the purpose of removing privately-owned lead service lines.
- Incentivize public water systems to implement corrosion control study recommendations, develop and maintain asset management plans, and execute partnership agreements.
- Provide financial assistance, including principal forgiveness, to public water systems for addressing emerging or secondary contaminants exceeding state or federal health advisory levels.
- Protect municipal drinking water supplies by facilitating the development and implementation of wellhead protection plans.
- Encourage public water systems to plan for the impacts of extreme weather events and provide funding through the SDWLP for projects that implement sustainability and resiliency.

4 Although North Carolina's goals don't go as far as other states regarding prioritization of economically disadvantaged communities, the state did provide the option for distressed local governments to essentially swap out their pending low-interest SRF loans with American Rescue Plan Act (ARPA) grant money to avoid debt. So, go talk to your relevant state agency—they may be taking positive action that you can't see just by reading a draft IUP.

Iowa Department of Natural Resources FY 2023 Final IUP for DWSRF (base funding) Short-Term Goals

- Commit loan funds to as many recipients as possible in accordance with the state priority rating system, the IUP, staff resources, and available funding.
- Ensure that borrowers are able to provide safe drinking water at a reasonable cost for the foreseeable future.
- Require applicants to engage a registered Municipal Advisor (MA)
- Implement the "Build America, Buy American (BABA)" requirements enacted by Congress in the Bipartisan Infrastructure Law on May 14, 2022.
- Implement the "Use of American Iron and Steel (AIS)" requirements enacted by Congress on January 17, 2014.
- Continue applying additional subsidization available in FY 2019-FY2021 Capitalization Grants to disadvantaged community projects and public health projects.
- **Review and revise criteria used to define disadvantaged communities and identify eligible applicants for loan forgiveness.**
- Apply additional subsidization available in FY 2022 Capitalization Grant.
- Promote and identify sustainable practices in projects proposed for funding.
- Comply with grant reporting conditions.
- Comply with EPA guidance on reporting under the Federal Funding Accountability and Transparency Act (FFATA).
- Comply with the EPA Signage Guidance.

Long-term goals also showcase a state's priorities. In these examples, a desire to simplify and streamline applications is apparent, and note that Wisconsin's short- and long-term goals highlight inventorying and replacing lead service lines.

North Carolina Department of Environmental Quality FY 2022-2023 Draft IUP for DWSRF Long-Term Goals

- Support the North Carolina goal of assuring safe and healthy drinking water for state residents and visitors with special emphasis on two subcategories of this goal:
  - → Provide loans to eligible public water supply systems to address acute health risks as a priority.
  - → Provide loans to eligible public water supply systems to allow consolidation of non-viable water systems with systems having adequate capacity.
- **Continue efforts to streamline the funding process** to ensure the funds are used in an expeditious and timely manner in accordance with the SDWA and applicable State laws as required by Section 1452(g)(3)(A) of the SDWA.
- Ensure the technical integrity of DWSRF projects through diligent and effective planning, design, and construction management.
- Ensure the long-term viability of the DWSRF program through effective financial practices.
- Ensure the priority system reflects the NCDEQ's and the Authority's goals.
- Provide technical and financial assistance to public water supply systems in adapting to changing drinking water quality standards and maintaining the health objectives of the SDWA.
- Implement a capacity development strategy that may use innovative strategies and solutions to help public water supply systems improve compliance.

Wisconsin Department of Natural Resources FY 2022–2023 Draft IUP for DWSRF Long-Term Goals

- Assist public water systems in achieving and maintaining compliance with all applicable State and Federal drinking water requirements.
- **Facilitate distribution system materials inventories and the replacement of all remaining lead service lines, in their entirety, in the State of Wisconsin.**
- Protect the public health and environmental quality of the State of Wisconsin.
- Manage the state revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity.
- Monitor the progress of state programs and strategies in improving the ability of public water systems to provide safe drinking water.
- Maintain a program for ensuring that all public water systems are constructed, operated, maintained, and monitored properly.
- Protect drinking water supplies by integrating wellhead protection and source water protection efforts with other water and land use programs.
- Develop methods and mechanisms for measuring program effectiveness.

Iowa Department of Natural Resources FY 2023 Final IUP for DWSRF (Base Funding) Long-Term Goals

- Prioritize the provision of funds, to the extent practicable, to projects that address the most serious risk to human health and are necessary to ensure compliance with the national primary drinking water standards.
- Work with other state and federal agencies to coordinate water quality funding.
- **Apply program requirements that are simple and understandable and do not add unnecessary burdens to applicants or recipients.**
- Continue the option of extended financing terms for DWSRF infrastructure projects.
- Maintain mechanisms for funding the on-going administration of the program if federal funding is reduced or eliminated
- Manage the DWSRF to maximize its use and impact through sound financial management.
- Implement programs that effectively address water system needs and target appropriate audiences.

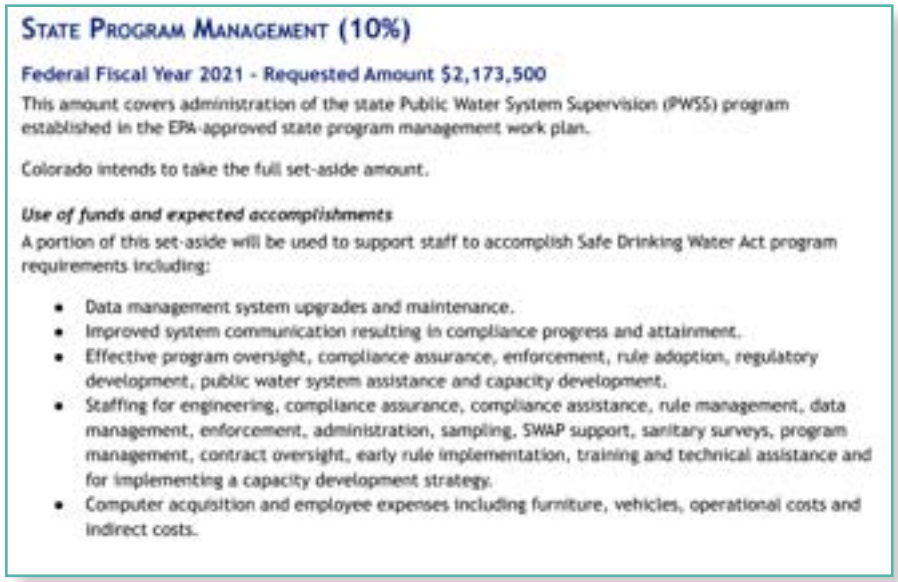
Use of Set-Asides

Set-asides are funds that a state may use from their capitalization grant for activities that are related to project support but are otherwise non-infrastructure related activities. A state's SRF IUP will specify what type of set-aside activities it plans to complete, and how much of each type of set-aside it will use. Set-aside categories include:

- Administration and technical assistance set-aside (up to 4% of capitalization grant)
- Small system training and technical assistance (up to 2% of capitalization grant)
- State program management (up to 10% of capitalization grant)

Jump to the Technical Assistance section for more details on how set-asides can be used for program administration and technical assistance.

The image to the right shows a description of Colorado's plan outlined in their DWSRF 2022 IUP to use the full set-aside amount for state program management.



State Program Management (10%)

Federal Fiscal Year 2021 - Requested Amount $2,173,500

This amount covers administration of the state Public Water System Supervision (PWSS) program established in the EPA-approved state program management work plan.

Colorado intends to take the full set-aside amount.

Use of funds and expected accomplishments

A portion of this set-aside will be used to support staff to accomplish Safe Drinking Water Act program requirements including:

- Data management system upgrades and maintenance.
- Improved system communication resulting in compliance progress and attainment.
- Effective program oversight, compliance assurance, enforcement, rule adoption, regulatory development, public water system assistance and capacity development.
- Staffing for engineering, compliance assurance, compliance assistance, rule management, data management, enforcement, administration, sampling, SWAP support, sanitary surveys, program management, contract oversight, early rule implementation, training and technical assistance and for implementing a capacity development strategy.
- Computer acquisition and employee expenses including furniture, vehicles, operational costs and indirect costs.

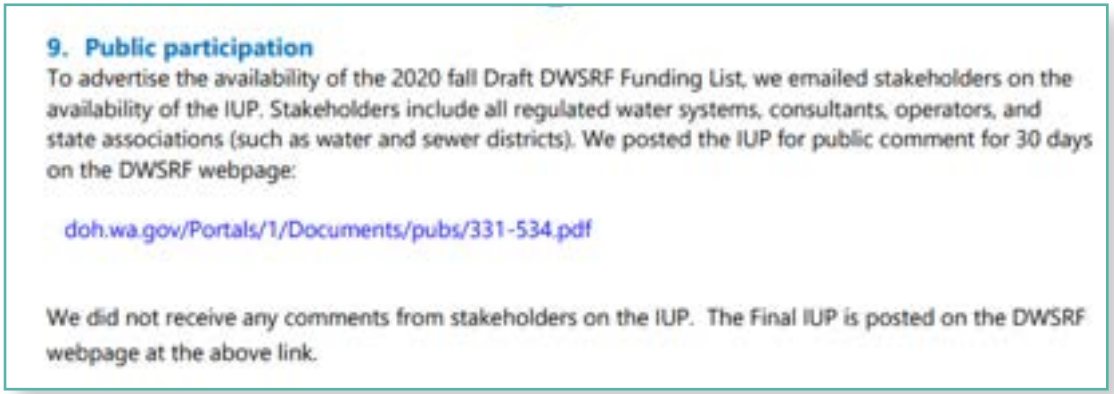
Public Review & Comments

Public commenting processes should improve procedural justice, which is premised on the right of impacted communities to be fairly included in decision-making processes through inclusive and representative means. From an **environmental justice perspective**, public policy should "be based on mutual respect and justice for all peoples, free from any form of discrimination or bias" and environmental justice communities have "the right to participate as equal partners at every level of decision-making, including needs assessment, planning, implementation, enforcement and evaluation."

Historically, very few public comments have been submitted for draft IUPs in most states, partly because states do not widely announce opportunities for public comment. Timelines vary by state, and can even vary year to year within a state, so advocates must go through their state's SRF administering agency staff or website to find out when public comment periods are held. Public engagement in the SRF process can be improved overall by developing direct relationships with state agencies responsible for administering SRFs in and outside of public comment periods. It is through this relationship building that advocates are more likely to move the needle on community engagement and public participation. Advocates can invite state SRF staff to meet with municipalities or utilities that you are working with, prepare comments and questions in advance, and ensure that meetings are accessible. Maintaining ongoing, consistent contact with state SRF program staff enables you to provide input and hold them accountable beyond the short public comment window.

State agencies are required to consider and respond to submitted comments!

EPIC **collects IUP comments** for both SRF programs nationwide. Get inspired by others and add your own to share with other SRF advocates. The more we share, the more we can strategize and learn together!



9. Public participation

To advertise the availability of the 2020 fall Draft DWSRF Funding List, we emailed stakeholders on the availability of the IUP. Stakeholders include all regulated water systems, consultants, operators, and state associations (such as water and sewer districts). We posted the IUP for public comment for 30 days on the DWSRF webpage:

doh.wa.gov/Portals/1/Documents/pubs/331-534.pdf

We did not receive any comments from stakeholders on the IUP. The Final IUP is posted on the DWSRF webpage at the above link.

This is an example of a state's short description of their public participation outreach efforts. Note that community based organizations, city councils, and other local decision-makers are not included on their list of "stakeholders." Source: WA DWSRF IUP 2021–2022.

In Wisconsin, organizations like Milwaukee Water Commons and Coalition on Lead Emergency (COLE), with support from Environmental Policy Innovation Center (EPIC), routinely schedule meetings with state SRF staff to push for their priorities related to improving the SRF ranking criteria. Check out some of **Milwaukee Water Commons** and **COLE's** comments.

BRENDA COLEY, CO-EXECUTIVE DIRECTOR OF MILWAUKEE WATER COMMONS, explains their approach:

"We needed to understand the mechanisms that get the money down to the utilities. And our research into Wisconsin's SRF program was to uncover the components of getting lead out of water. We had never heard of this program, and we had no understanding of how the program worked or any of its bureaucratic issues… Milwaukee Water Commons committed capacity to researching Wisconsin's SRF and we learned about the programs and the problematic issues from our point of view, the shift from grants to loans, and the impact of white flight and deindustrialization… There was a small window of opportunity for submitting public comments in Wisconsin's Intended Use Plan. Milwaukee Water Commons drafted public comment on Wisconsin's Drinking Water Intended Use Plan in 2021. Wisconsin's Department of Natural Resources was not anticipating comments and did not have adequate time to make changes to the program. The comment window was really between two to three weeks.

DNR has received more comments in the last few years in their IUP than they have in the past 30 years. This short comment window did not leave enough time for the Department to make any significant changes to the IUP, they felt doing so would disrupt the plans for the utilities that were already anticipating funds… We were expected to bring knowledge about this program, to advocate on behalf of the community, and to have solutions for the program, with no real transparency on how this program operates. We were expected to meet a level of urgency because of these federal dollars coming down—that was really beyond our capacity. And also expected to be understanding about the Agency's capacity and lack of time to enact those changes. We would be in conversations with them and they would talk about their challenges, but they had no idea or no sensitivity to our challenges. It was not the partnership we were hoping to have. There was no accountability for the Department on not being prepared to take action on public comments… Milwaukee Water Commons and other Wisconsin allies were invited to meet with the Wisconsin DNR to discuss environmental justice and the SRF. They made changes to Wisconsin's criteria for the distribution of principal forgiveness and a commitment to workforce equity, but these changes were not changes to the procedures that created barriers for community engagement…

In our view, procedural justice [would include] fairness around timelines for public input, more active community engagement and outreach, as well as transparent communication about what this program is and how it operates. There needs to be accountability for representative community engagement—we need to know if it happened… responsibility and trust to work with communities to create change."

COMMUNITY ENGAGEMENT AND COMMUNITY-LED RESEARCH RESOURCES

Facilitating Power's *The Spectrum of Community Engagement to Ownership*

River Network's *Tool's for Equitable Climate Resilience: Fostering Community-Led Research & Knowledge*

Southwest Environmental Finance Center created the State Revolving Fund Switchboard with financial support from Spring Point Partners. The Switchboard includes documentation and tools related to SRFs. You can locate your state's DWSRF and CWSRF:

- Legislation
- Intended Use Plans (IUPs)
- Project Priority Lists (PPL)
- Annual Reports
- Loan Ranking Criteria

If you can't find the most recent document you're looking for using the Switchboard, try an online search for "state name" and "document and year," such as "Virginia Drinking Water SRF Intended Use Plan 2023." You can also contact the relevant state agency SRF program staff.

Tribal Set-Aside Programs for DWSRF & CWSRF

Federally recognized tribes are sovereign nations that have a government-to-government relationship with the US federal government. Therefore, EPA connects directly with federally recognized tribal governments, Alaska Native Villages, and certain tribes in Oklahoma for the administration of the Tribal Set-Aside programs, unlike state SRF programs which are administered by state environmental and health agencies. The programs are called the Drinking Water Infrastructure Grants Tribal Set-Aside (DWIG-TSA) Program and the Clean Water Indian Set-Aside (CWISA) Program.

Like the state SRFs, projects are prioritized based on certain factors, and regional EPA offices work with the Indian Health Service (IHS) to select projects that will be either fully or partially funded through Regional CWISA and DWIG-TSA programs.

An EPA implementation memo focusing on how BIL funding impacts the two tribal set-aside programs provides useful information, including details on accessing training and technical assistance to build tribes' capacity. The following table shows the BIL-specific money that the tribal set-aside programs are expected to receive.

Tribal SRF Funding Through BIL

Tribal governments should receive nearly $0.9 billion through SRF funds between 2022-2026 based on percentages established through annual appropriation.

DWIG-TSA General Supplemental	CWISA General Supplemental	DWIG-TSA Emerging Contaminants	CWISA Emerging Contaminants	DWIG-TSA Lead Service Line Removal
$234 million	**$234** million	**$80** million	**$20** million	**$300** million

TRIBAL-SET ASIDE PROGRAMS

Congress appropriates funding

EPA's Office of Water allocates 2% of the DWSRF to: Drinking Water Infrastructure Grants Tribal Set-Aside Program (DWIG-TSA)

EPA's Office of Water allocates 2% of the CWSRF to: Clean Water Indian Set-Aside Program (CWISA)

EPA can transfer funds between DWIG-TSA & CWISA programs

Transfer amount allowed: up to 33% of a region's DWIG-TSA allotment

EPA's Regional Offices approve grants to tribes.

- Regions receive funding allocations based on drinking water system needs.
- EPA's Drinking Water Infrastructure Needs Survey and the Indian Health Service's Sanitation Deficiency System inform allocation distribution.

Eligible Entities

Federally recognized tribal governments, Alaska Native Villages, and certain tribes in Oklahoma.

Tribes administer project funds themselves or request IHS to administer them.*

Community water systems and non-profit, non-community water systems that serve a tribal population are eligible for project funding

EPA's Regional Offices approve grants to tribes.

- Jointly administered by the EPA and IHS (Indian Health Service) Division of Sanitation Facilities Construction.
- The Indian Health Service's Sanitation Deficiency System data base identifies priority projects.
- Covers up to 100% of project costs as a grant.

* Tribes that have assumed responsibility to implement the IHS SFC program must receive CWISA funds directly from EPA and are ineligible to enter into an interagency agreement with IHS.

Drinking Water Infrastructure Grants Tribal Set-Aside Program

The Safe Drinking Water Act amendments of 1996 established the DWSRF and authorized the EPA to set-aside up to 1.5% of the DWSRF as grants for federally recognized tribes to finance drinking water system projects. In 2010, Congress increased the amount to 2% for the **Drinking Water Infrastructure Grants Tribal Set-Aside (DWIG-TSA) Program**. An average of $22 million per year was allocated between 2018-2022. EPA Regions receive a **base amount** of the 2% set-aside (20% of total funds) and receive additional funding allocations based on drinking water system needs, which are informed by the EPA's Drinking Water Infrastructure Needs Survey and the Indian Health Service's Sanitation Deficiency System. The **DWIG-TSA Program** may fund community water systems and nonprofit, non-community water systems that serve a tribal population, and projects may occur outside of reservations or tribally owned land if the system serves a tribe.

Eligible projects include:

- Rehabilitation or development of sources of drinking water
- Installation or upgrade of treatment facilities
- Installation or upgrade of storage facilities
- Installation or replacement of transmission or distribution pipes
- Replacement of aging water system infrastructure

The EPA is authorized to transfer funds between DWIG-TSA and CWISA programs up to the equivalent of 33% of a region's DWIG-TSA allotment.

Regional Tribal Drinking Water Coordinators **contact information can be found here**.

Some states allow tribally owned public water systems to receive funds through their state's DWSRF program. The Safe Drinking Water Act (SDWA) does not allow a tribe to receive *both* DWSRF *and* DWIG-TSA for the same project, but a tribe could use both pots of funding for separate projects for one water system.

BIL-Specific DWIG-TSA Opportunities

Emerging contaminants funding is available through DWIG-TSA to address emerging contaminant problems in drinking water. EPA regions will prioritize **PFAS-focused** projects. Initial funding will focus on identifying if and where emerging contaminants exist and to support planning and design projects.

Lead service line replacement funding actually contributes the highest amount of BIL funding across tribal set-aside programs. Eligible projects include inventorying, planning and designing, and replacing lead service lines.

Clean Water Indian Set-Aside Program

Amendments to the Clean Water Act in 1987 established the **Clean Water Indian Set-Aside** (CWISA) Program, and it was initially funded by the Construction Grant Program. Appropriations from the CWSRF began in 1992 as a set-aside percentage. Congress authorizes 2% of the CWSRF for the CWISA Program each year.

Wastewater infrastructure projects are funded through the CWISA Program, which is jointly administered by the EPA and the Indian Health Service (IHS) **Division of Sanitation Facilities Construction**, using their Sanitation Deficiency System (SDS) to identify tribes' wastewater needs. Allotment of funds by the IHS area is based upon priority lists that meet the greatest need. Tribes may administer the project funds as a direct grant from EPA or request that IHS administer it on the tribe's behalf.

While CWSRF funding to states is distributed as revolving loans that require a state match, the CWISA Program can cover up to 100% of eligible project costs as a grant. If a tribe can provide matching funds for a project, it will be ranked higher in SDS. CWISA funds can be combined with other sources of funding to complete a project.

Eligible projects funded by the CWISA Program support wastewater-related activities and projects, including:

- Project planning, design, and Preliminary Engineering Report (PER)
- Infrastructure construction and major sewer rehabilitation
- Wastewater treatment facilities (conventional or alternative)
- Correction of combined sewer overflows (combined sewer systems use the same pipes to carry stormwater runoff, domestic sewage, and industrial wastewater. Overflows can result in untreated water discharging into streams, rivers, and other water bodies, impacting water quality)
- Collector sewer pipelines
- On-site wastewater treatment systems (e.g., septic systems)
- Follow-up and as-built drawings of funded wastewater projects
- Operator training on new infrastructure equipment for first year

BIL-Specific CWISA Opportunities

Emerging contaminants funding is available through CWISA and can be used to identify the prevalence of emerging contaminants, including PFAS, in tribal wastewater facilities and to support planning and design projects.

Wastewater projects may receive CWISA funding regardless of whether non-tribal residents also live in the service area, so long as it provides improvements to members of federally recognized tribes.

Learn more through the EPA's FAQs and reach out to EPA and IHS CWISA Program contacts.

What About Tribes That Aren't Federally Recognized?

The US government officially recognizes 574 tribes. These federally recognized tribes access federal resources through Indian Health Service, EPA, and other federal agencies. Over 200 tribes do not have federal recognition, making them ineligible for federal funds like the CWISA and DWIG-TSA Programs. Recognition can occur through administrative, judicial, or Congressional means. The process of becoming a federally recognized tribe is extremely time-consuming and often unsuccessful. Some states—Alabama, Connecticut, Delaware, Georgia, Louisiana, Maryland, Massachusetts, New Jersey, New York, North Carolina, South Carolina, Vermont, and Virginia—recognize tribes on their own and establish government-to-government political relationships. According to a 2008 report, 62 tribes are recognized solely by their respective states, enabling limited benefits and support.

ADVOCACY OPPORTUNITIES

Expanding access to more tribes: Some types of federal funding are available to state-recognized tribes, including Health and Human Services Block Grants (defining tribes as including "organized groups of Indians that the State in which they reside has determined are Indian tribes") and advocates working in partnership with tribal members could make recommendations to EPA to expand the definition of eligible tribes for the CWISA and DWIG-TSA Programs. While securing federal recognition is extraordinarily difficult, state recognition can more easily be achieved.

Increasing funding amount for tribal set-asides: The Tribal Access to Clean Water Act of 2021 seeks to achieve universal access to reliable, clean, drinkable water and includes investment of $100 million for the upcoming fiscal year for each SRF set-aside program. **The Colorado River Basin** Water & Tribes Initiative created an overarching framework for how to achieve universal access to clean water for tribal communities, including a whole-of-government approach backed by adequate funding. Increased funding is only effective when it offers necessary flexibility and including eligible uses of funds for operations and maintenance is crucial for tribal communities and rural communities that may not be able to sustain upkeep over time without adequate support.

Green Infrastructure, Nature-Based Infrastructure, & Climate Resilience

What Is Green Stormwater Infrastructure?

The SRF programs can fund projects that build the capacity of communities to withstand the impacts of climate change, including water-related crises such as floods, droughts, and snowstorms. To learn more about steps states can take to integrate water efficiency, green infrastructure, and flood reduction measures through SRF projects, check out NRDC's report Using State Revolving Funds to Build Climate-Resilient Communities.

Climate resilient projects funded through SRFs can include adaptation and mitigation planning, integrated water resource management plans, and vulnerability assessments to provide a clearer picture of what type of infrastructure designs are needed in a specific community. The Environmental Finance Center at the University of North Carolina at Chapel Hill offers free direct technical assistance to communities to get started on using integrated planning.

Aspects of green infrastructure that Clean Water SRF projects can incorporate include infiltration basins, constructed wetlands, permeable pavement, planting trees, installing green roofs and green streets, and protecting and restoring riparian zones and shorelines.

Green Stormwater Infrastructure (GSI): Refers to the practice of using nature-based water management techniques that protect, restore, or mimic the natural water cycle as a means of preventing flooding, improving ecosystem health, and offering many other community benefits, it looks pretty! Examples of green stormwater infrastructure include bioretention techniques such as rain gardens and bioswales (vegetated channel), which use amended soil and native plants to capture, retain, and slowly infiltrate rain drops where they fall.

The EPA defines GSI as "a wide array of practices at multiple scales that manage wet weather and that maintain and restore natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale green infrastructure consists of site- and neighborhood-specific practices, such as bioretention, trees, green roofs, permeable pavements and cisterns."

Natural Infrastructure: Environmental and Energy Study Institute (EESI) defines natural infrastructure as, **"**Projects that use existing or rebuilt natural landscapes (i.e., forests, floodplains, and wetlands) to increase resilience to climate impacts, often resulting in environmental, economic, and social co-benefits."

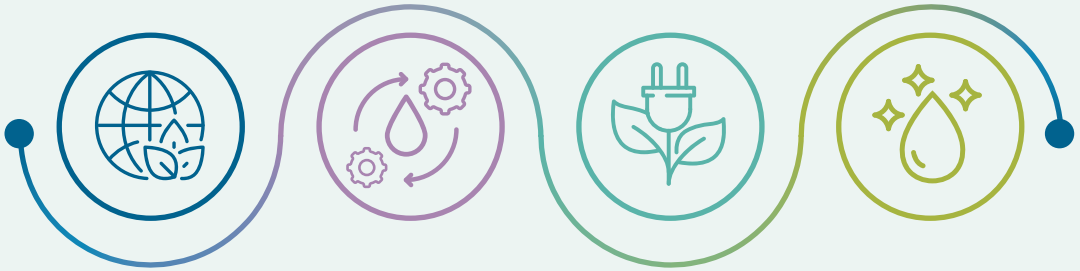
Resilience: Refers to a community's ability to adapt to changing conditions and recover from a disruptive event.

Green Project Reserve

In 2009 the American Recovery Act required all CWSRF programs to use a portion of federal capitalization grants for green infrastructure, water and energy efficient projects, and "other environmentally innovative activities." The Green Project Reserve (GPR) directs **at least 10%** of funds from each state's CWSRF program to be used for planning, design, and/or building activities of eligible GPR projects. BIL general supplemental and emerging contaminants funding also designates 10% to the GPR. States have historically spent widely varying amounts of GPR funds (and CWSRF funds overall) on green stormwater infrastructure and natural infrastructure projects, and not all GPR projects are "green."

GREEN PROJECT RESERVE

GPR funds can fund projects in four categories. GPR is required for the CWSRF, and states can decide if they want to promote similar projects through the DWSRF. For more details on these categories, see EPA's project eligibility guidance.



Green Infrastructure
Includes practices that maintain and restore natural hydrology, maintains floodplains/wetlands, reduces impervious surfaces.

Water Efficiency
Improving technologies and practices for water delivery that use less water, including conservation and reuse efforts. Can include water audit and conservation plans.

Energy Efficiency
Improving technologies and practices that reduce energy consumption and/or produce/use renewable energy. Projects that reduce energy consumption by 20% are categorically eligible.

Environmentally Innovative Activities
Includes new/innovative approaches to delivering services or sustainably managing water resources. Can include adaptation planning, GHG inventorying, and constructing LEED certified buildings.

CASE STUDY **GREENVILLE, NORTH CAROLINA'S TOWN CREEK CULVERT PROJECT**

An urban stormwater project in Greenville, NC, combined green and gray infrastructure components to create the largest stormwater project funded in the state by the CWSRF (as of 2020). The Environmental Finance Center at the University of North Carolina at Chapel Hill dug into lessons learned and highlighted the successes and challenges of the project in this case study.

In response to chronic flooding problems in the growing city, the Greenville Stormwater Utility increased the city's flooding resiliency by installing regenerative stormwater conveyance systems, wetlands, bioretention areas, and permeable pavers in addition to gray infrastructure. Regenerative stormwater conveyances consist of a series of riffles and pools that treat stormwater to remove nutrients prior to discharging.

A regenerative stormwater conveyance system in Greenville, NC. Photo courtesy of WK Dickson & Co., Inc.

The following examples demonstrate a handful of ways that communities can use SRF funding to increase climate resiliency, and were developed by the SRF State Advocates Forum.

- **Constructing resilience-related infrastructure improvements.** This can include backup generators, physical flood barriers, redundant equipment and infrastructure, telemetry systems for remote operation, and saltwater-resistant equipment. It also includes green infrastructure that uses natural mechanisms to help reduce flood risks, like rain gardens, permeable pavement, and rainwater harvesting. Natural infrastructure, such as wetlands and forests, can also improve a community's resilience against changing climate. The conservation or restoration of these natural areas can be financed by CWSRF programs.
- **Modifying or relocating facilities.** Water treatment plants can be moved out of the floodplain and existing wells can be deepened. Equipment can also be physically hardened against hazards by waterproofing electrical components, sealing structures to prevent flood water penetration, and adding wind-resistant features.
- **Assisting water systems with developing assessments and emergency response plans (ERPs).** The Safe Drinking Water Act requires community water systems serving more than 3,300 persons to conduct a risk and resilience assessment of their water systems. Following the completion of the assessment, water systems must develop or update their emergency response plans (ERPs). Eligible infrastructure improvements identified by the assessments may be funded through the loan fund.
- **Providing technical assistance and training for water utilities to bolster their resilience.** Assistance could be provided to plan and adapt to extreme weather, prepare for emergencies and disasters, set up Water/Wastewater Agency Response Networks (WARNs), and prepare for and participate in tabletop or field exercises.

Advocacy opportunities related to green infrastructure and climate resilience

In EPA's guidance memo to states, the agency suggests that "States should consider how to incorporate climate resilience criteria into their prioritization of SRF funding under the BIL." Just as you should look at how your state establishes and ranks other project priorities in the IUP, you can also look at any parameters that are in place promoting investment in climate resilient projects and make suggestions if they are lacking.

These types of projects can be promoted through priority-setting systems and additional subsidization. Ranking criteria primarily focus on public health and water quality but can also address other concerns, such as infrastructure resiliency. States can encourage more projects that promote system resiliency through targeted ranking criteria (e.g., offering priority points) and funding incentives (e.g., reduced interest rates and/or waiving fees). Additional subsidies can be used to encourage resiliency projects. CWSRF projects in eligibility categories such as nonpoint source pollution control and land conservation can also help deliver more climate resiliency co-benefits.

States must give *at least* 10% to Green Project Reserve activities, but that doesn't mean they can't increase that percentage. In addition to the GPR, states can direct overall CWSRF funds to an array of green infrastructure, nonpoint source, and conservation projects. Recommending changes to project prioritization criteria can help direct more funds to climate resilient projects.

ADVOCACY EXAMPLES:

New Hampshire's wastewater ranking criteria and stormwater ranking criteria promote planning and infrastructure projects to make systems more resilient to climate change by using climate change vulnerability assessments and adaptation measures.

California's 2020 CWSRF draft IUP comments **from WaterNow** included recommendations to increase the amount of funding dedicated to the GPR to meet demand. WaterNow's three recommendations were:

- "Increase the GPR to 15% and prioritize qualifying localized infrastructure projects for funding available from this increase in the green reserve;
- Specifically list consumer incentive or direct installation programs designed to achieve improved conservation, efficiency, or onsite stormwater management as eligible for CWSRF funds; and
- Solicit distributed infrastructure projects and incentive programs, including green stormwater strategies, water use efficiency measures, onsite reuse, and watershed restoration for [State Fiscal Year] 2020–21."

Pennsylvania's 2022 CWSRF draft IUP comments from Pennsylvania Environmental Council suggested that the 10% allocation should serve as a *minimum* target for green infrastructure projects.

North Carolina Conservation Network recommended in 2020 that "North Carolina **set a threshold requirement for moving or elevating all new or repaired infrastructure beyond or above the 500 year floodplain, and then award additional points to incentivize further steps towards resilience on the part of water utilities**...

As proposed, the priority rating systems for clean water and drinking water projects offer a modest number of points for a project that relocates out of a floodplain (5 [points]), fortifies or elevates within a floodplain (4), hardens against disruption by floods (4), or downsizes infrastructure after a floodplain buyout (4). The latter is new; we support its addition. However, the offer of modest points for reducing flood risk misses the mark: that should be a threshold requirement for funding, not a minor incentive to improve a project design. Under Presidential EO 11988 and federal regulations, the level of flood resilience incentivized here—getting out of or above the mapped 100-year floodplain—is already a baseline requirement for facilities built with federal funding. Moreover, as noted by the Nature Conservancy paper discussed above, merely staying out of the mapped 100-year floodplain is not adequate to protect infrastructure from flooding...

From an equity perspective, funding non-resilience investments through the state revolving funds hurts low-wealth communities, because their residents are already more likely to be paying water rates over 2.5% of median household income, which the US EPA deems unaffordable. As of 2018, the UNC Center for Environmental Finance estimated that 57% of utilities in North Carolina charged more than 2.5% of median household income for 5,000 gallons/month of combined water and sewer service.11 Every additional tranche of nonproductive debt carried by utilities makes this problem worse." *Read the full IUP comments here.*

CLIMATE RESILIENCY RESOURCES

WaterNow Alliance's Tap into Resilience Toolkit

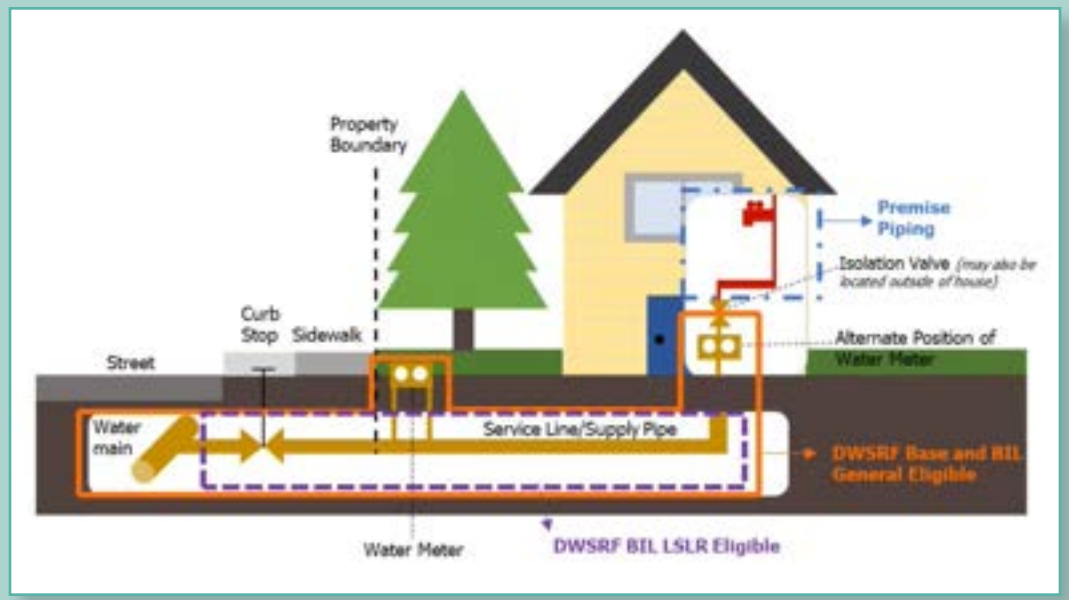
WaterNow Alliance presentation: Meeting Water Challenges with Equitable Distributed Infrastructure

EPA's Creating Resilient Water Utilities initiative

Targeted SRF Dollars: Lead Service Line Replacement & Emerging Contaminants, Like PFAS

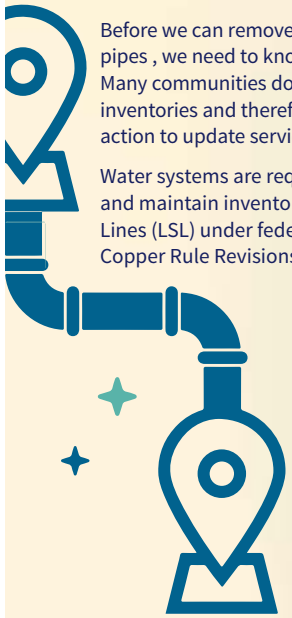
SRFs for Lead Service Line Replacement

An estimated **nine to 12 million US households** have toxic lead service lines that deliver drinking water to their homes. Lead is toxic to human health and can damage vital organs, impede child development, harm pregnant people and unborn children, and cause other long-term health impacts. While general DWSRF dollars can be used for lead service line removal (LSLR), BIL provides $15 billion through supplemental funding specifically for lead service line inventorying and replacement allocated through the DWSRF. Under BIL, 49% of LSLR funding must be provided as grants and forgivable loans to disadvantaged communities and the state matching requirement has been eliminated for these projects. Another requirement of DWSRF LSL projects is that ***entire*** lead service lines must be replaced, not just a portion of the line, including the portion of the pipe on privately owned property.



The image shows the different LSL removal that is eligible for replacement using various DWSRF sources. Source: EPA Office of Water

Inventorying and replacing lead service lines will require a trained workforce to efficiently complete this vital task. To learn more about workforce and contractor development opportunities, jump to the Workforce Development section of the toolkit.



Before we can remove dangerous lead pipes , we need to know where they are. Many communities do not have complete inventories and therefore haven't taken action to update service lines.

Water systems are required to create and maintain inventories of Lead Service Lines (LSL) under federal Lead and Copper Rule Revisions.

The Drinking Water State Revolving Fund (DWSRF) set-aside funds can be used to help water systems develop inventories.

Both state staff and contractors can be funded to provide LSL outreach, education, and complete inventories.

1 FINDING LEAD LINES

+ *Connect workforce development initiatives to lead service line inventorying opportunities.*
+ *Communicate with state DWSRF program staff to ensure they are using set-asides to complete LSL inventories*
+ *Pressure local utility to tap into set-aside resources to conduct non-routine lead sampling and complete LSL inventories.*

2 REMOVING LEAD SERVICE LINES

There are an estimated 9 to 12 million households in the US whose drinking water travels through LSLs.

The DRSRF provides funding opportunities to drastically reduce the number of LSLs still in use.

The Bipartisan Infrastructure Law (BIL) provided **$15 BILLION**

specifically for LSL replacement, without requiring states to provide any matching funds, and designating 49% of that money to disadvantaged communities through FORGIVABLE LOANS AND GRANTS.

+ *Connect workforce development initiatives to lead service line removal opportunities.*
+ *Advocate for LSL projects to be prioritized in the state's ranking criteria.*
+ *Ensure that your community applies for SRF LSL funding. Collaborate with utility to conduct community outreach to prepare residents for disruptive work.*

ADVOCACY OPPORTUNITIES RELATED TO LSL REPLACEMENT

Advocates have identified at least two main concerns related to LSL replacement:

1) The distribution of funds from the federal level to the states is flawed. States receive LSL-specific SRF dollars based on the Drinking Water Infrastructure Needs Survey, which does not accurately assess the total number of lead service lines present in most states, since LSL inventorying is incomplete in many communities.

2) Within states, administering agencies should target funds to areas with the highest levels of LSLs, which are disproportionately located in low-wealth communities and communities of color.

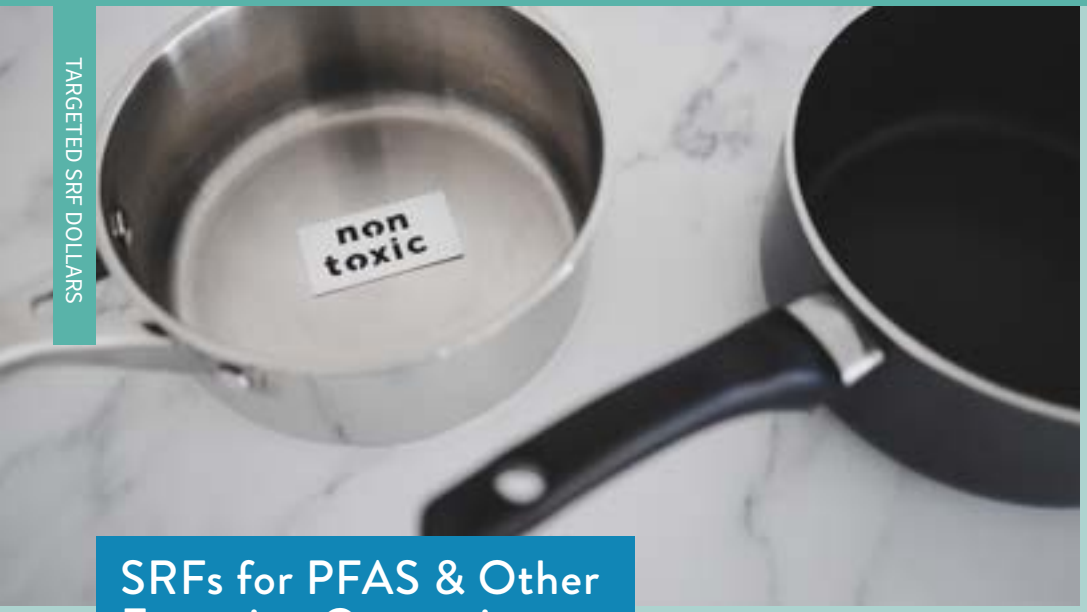
Some states are taking action to direct additional subsidization of LSL funding to neighborhoods with high levels of LSLs. For example, Pennsylvania's DWSRF IUP for FY 2022 suggests that "For those systems with lead service line replacement needs that have adequately mapped and designated high need areas and reach an action level under the Revised Lead and Copper Rule, PENNVEST could consider the rate impact on those specific areas or neighborhoods within the larger system in lieu of overall system users. This could provide a more realistic picture of the consequence of the capital improvement on the specific community impacted and **allow for these types of projects to be eligible for additional subsidy, thus expediting correction and addressing the public health and environmental hazard.**"

ADVOCACY EXAMPLE: IUP COMMENTS

New Jersey Future submitted comments on the state's FY 2023 CWSRF and DWSRF IUPs, including several questions about how the lead service line replacement funding would be distributed. Some of their questions included:

- "How will the DEP ensure that the $25m in funds go to the neediest communities, especially if some need additional technical assistance to apply or have credit rating constraints that would prevent them from applying?
- Will the rolling review process make this truly a program of first come, first serve, or will the program provide ample time for all communities to apply before ranking applications?"

They further recommended that the state re-implement a tiered approach to principal forgiveness caps based on the number of LSLs in a community.



SRFs for PFAS & Other Emerging Contaminants

PFAS (per- and polyfluoroalkyl substances) contamination is pervasive in our environment—sprayed on agricultural fields through biosolids, coating food packaging, woven into textiles, and leaching into groundwater at military bases, airports, and manufacturing sites. The health impacts to humans and other life run the gamut, from kidney, prostate, and testicular cancer to endocrine disruption and decreased fertility. An estimated one-third of Americans drink water contaminated with PFAS, though recent studies suggest that exposure to PFAS may be much higher. Testing for and remediating PFAS is expensive, and water systems face the burden of cleaning up pollution they did not cause.

BIL marks the first time Congress directed funding to address emerging contaminants as an eligible CWSRF activity. All SRF funding for emerging contaminants must be distributed as principal forgiveness or grants. For DWSRF emerging contaminants funding, 25% must be directed towards DACs. DWSRF and CWSRF funding for emerging contaminants does not require a state match under BIL. States have flexibility to choose projects that are CWSRF or DWSRF eligible to address emerging contaminants. If needed, states can transfer funds between the CWSRF and DWSRF Emerging Contaminants programs.

PFAS: Per- and polyfluoroalkyl substances, often referred to as "forever chemicals" since they do not break down easily and accumulate over time, are human-made chemicals that can contaminate drinking water (along with air, food, and soil).

Emerging Contaminants: "Substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment." (US EPA)

The priority rating criteria for emerging contaminant projects are used to numerically rank projects for potential funding assistance from the Kansas Public Water Supply Loan Fund. Because the projects in this category will have similar health related benefits, ranking criteria will evaluate system specific conditions to differentiate between projects adequately.

The Bureau of Water will consider the following factors in determining the numerical scores of each project:

1) Whether contaminant levels exceed EPA Health Advisory levels;
2) If the contaminant is a cyanotoxin, whether the system's source water has reported Harmful Algal Blooms;
3) Projects that reduce PFAS contaminants;
4) If the System serves census tracts that have been determined to be Disadvantaged Communities by EPAs Climate and Economic Justice Screening Tool;
5) If the system serves a population of 25,000 or less;
6) If the project will use treatment or replacement to address the contaminant.

The Kansas Public Water Supply Loan Fund 2023 Intended Use Plan outlines its priority rating criteria for emerging contaminant projects.

ELIGIBLE PFAS/EMERGING CONTAMINANTS PROJECTS

DWSRF PROJECTS

- Construct new treatment facilities or upgrading an existing treatment facility
- Develop a new source of drinking water
- Consolidate with a water system that doesn't have contamination problems
- Pilot testing treatment alternatives
- Move private well owners onto community water system

DWSRF SET-ASIDES

- Determine if there's a PFAS problem
- Fund state staff working on PFAS/emerging contaminants oversight
- Train operators to use test kits/lab equipment
- Protect source water
- Conduct initial monitoring

CWSRF PROJECTS

- Install technology at wastewater treatment plants to treat PFAS
- Reuse/reclaim water for advanced treatment (such as reverse osmosis, granulated activated carbon, etc.)
- Develop stormwater plans to identify needed projects
- Install sampling equipment and containment systems
- Cap, treat, or remove contaminated material at landfills and other sites through non-point source management programs

DWSRF assistance can upgrade treatment technologies, equipment, or even build a new facility to remove PFAS from drinking water systems. CWSRF projects can include installing PFAS treatment technology at wastewater treatment plants, installing sampling equipment and containment systems, and more.

DWSRF set-asides can be used for technical assistance to find out if a public water system has emerging contaminants and treatment problems, plan a project, and to obtain test kits/lab equipment for systems to test contaminants of concern.

Example: The State of Michigan uses DSWRF set-aside funds to provide technical guidance related to PFAS for public water systems, including guidance on treatment technologies, alternate sources, sampling, education, and informing operators of the state's PFAS Maximum Contaminant Levels requirements.

Funding for Emerging Contaminants, Including PFAS, from BIL

Program	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
CWSRF Emerging Contaminants	$100 million	$225 million	$225 million	$225 million	$225 million	$1 billion
DWSRF Emerging Contaminants	$800 million	$800 million	$800 million	$800 million	$800 million	$4 billion
SDWA Section 1459A Small and Disadvantaged Community Grant Program	$1 billion	$1 billion	$1 billion	$1 billion	$1 billion	$5 billion
Total	$1.9 billion	$2.025 billion	$2.025 billion	$2.025 billion	$2.025 billion	$10 billion

Source: Congressional Research Service. Infrastructure Investment and Jobs Act: Drinking Water and Wastewater Infrastructure. January 2022.

1 WHAT ARE PFAS & HOW DO THEY AFFECT WATER?

PFAS: Per- and polyfluoroalkyl substances, often referred to as "forever chemicals" since they do not break down easily and accumulate over time, are human-made chemicals that can contaminate drinking water (along with air, food, and soil. There are thousands of different types of PFAS.

In Our Water: Products containing PFAS may be used or spilled onto soil or into rivers and lakes. They can travel long distances and are widespread in US water supplies.

Other "emerging contaminants" besides PFAS exist that may pose unknown risks to human health, aquatic life, or the environment.

PFAS are used in a wide range of manufactured goods. The health impacts to humans and other life range from kidney, prostate, and testicular cancer to endocrine disruption and decreased fertility.

Testing for and remediating PFAs is expensive, and water systems are often faced with the burden of cleaning up pollution they did not cause.

ADDRESSING PFAS THROUGH STATE REVOLVING FUNDS 2

$5 BILLION
WILL BE DISTRIBUTED BETWEEN 2022–2025 TO ADDRESS PFAS

The Bipartisan Infrastructure Law (BIL) marks the first time Congress directed funding to address emerging contaminants as an eligible Clean Water SRF activity. SRF $ for PFAS projects does NOT need to be repaid by applicants.

Contact your drinking water/ wastewater utility to determine if they have tested the water for emerging contaminants. Some utilities may not post results publicly. If they have not tested for PFAS, encourage them to access SRF set-aside funding for testing.

If your drinking water is contaminated by PFAS, inform your neighbors, your co-workers, and others in your community—amplify community concerns with your utility and urge them to submit SRF applications for projects that address PFAS and other emerging contaminants.

ADVOCACY OPPORTUNITIES RELATED TO PFAS

Know where there are emerging contaminants in your state! Find out if your water utility has determined if it has a problem with emerging contaminants. See Michigan's PFAS Sites or New Jersey's Water Systems PFAS Violations database as examples.

Contact your water utility to determine if they have tested the water for emerging contaminants. Some utilities may not post results publicly. If they have not tested for PFAS, encourage them to access DWSRF set-aside funding for testing. If your drinking water is contaminated by PFAS, inform your neighbors, your co-workers, and others in your community—amplify community concerns with the utility and urge them to submit applications for projects that address emerging contaminants. Emphasize the need to prioritize and fund PFAS remediation projects with state SRF administrators.

You can download and use these infographics by going to the Tools section.

Water Affordability & Infrastructure Costs

The rising cost of water is directly linked to the need for funding for water infrastructure maintenance and repair, as a lack of investment has led to more costly and inefficient water systems. In an effort to maintain water affordability, many water utilities have foregone necessary water infrastructure investments since ratepayers would ultimately bear the costs. Water infrastructure that has not been properly maintained is in turn more expensive for water utilities, as aging infrastructure can suffer from leakage, corrosion, and other water treatment and delivery disruption. To address this issue and improve water affordability for both water utilities and ratepayers, SRF funds can be used to make cost-saving investments by updating their drinking water and wastewater systems to be more efficient, reduce water loss, reduce energy costs and/or, in some cases, consolidate services. Read more about the pros and cons of regionalization and consolidation on River Network's State Policy Hub.

In order to improve water affordability for customers struggling to pay high rates, utilities can both restructure water rates and reduce the overall costs of managing and maintaining the water system. SRFs can be an important tool for ensuring equitable access to clean, safe, and affordable water in many communities. By utilizing SRF funds, utilities can address important water infrastructure needs while limiting the costs to their ratepayers and minimizing rate increases and subsequent water affordability issues. States may flexibly target financial resources to specific community and environmental needs.

Since the federal government shifted from providing infrastructure grants to low-interest loans (with the exception of additional subsidization through SRFs), the cost of financing water infrastructure projects is ultimately passed on to ratepayers. Even with subsidized, lower interest rates, the total repayment cost of a project can be significantly higher than the initial loan amount. This means that future generations of ratepayers may be stuck with higher water bills as the utility attempts to pay off the debt from a project completed years ago. Unaffordable water bills can lead to service disconnections/water shutoffs as a result of nonpayment, financial stress, additional late fees due to late payment, and ultimately, negative impacts on health outcomes. Water advocates are helping address household water affordability systemically through more equitable rate structuring and securing federal investment in water infrastructure.

WATER AFFORDABILITY ADVOCACY RESOURCES

NRDC and NCLC's Water Affordability Advocacy Toolkit

American River's Drinking Water infrastructure: Who Pays and How (and for what?) an Advocate's Guide

River Network's Drinking Water Guide, Section 4, Considerations for Water Affordability

Affordability & SRFs

States can provide opportunities for water systems to address affordability by using SRF set-asides and by aligning definitions of disadvantaged communities (DAC) and affordability criteria with affordable rates. States can also promote water affordability as a priority through their goals outlined in IUPs. Ensuring water affordability at the household level is an appropriate goal for state SRFs because it enables more customers to stay current on their bills, which leads to greater financial stability for the water system. State SRF programs should encourage utilities to adopt more affordable rate structures as a means to secure long-term fiscal sustainability.

Through the CWSRF program, a municipality applying for funding that meets the state's affordability criteria can receive a higher level of additional subsidization, and the same is true for the DWSRF program for applicants that meet a state's disadvantaged community designation (i.e., through principal forgiveness, grant, or negative interest loan) and therefore take on less debt that ratepayers would then need to pay off. Lower interest rates and longer repayment options are also available for both DWSRF and

ADVOCACY EXAMPLES

Wisconsin's 2023 Draft CWSRF IUP includes a water affordability short-term goal: "Research methods to provide additional assistance to water systems with programs that assist low-income rate payers."

Set-aside funds could support water systems in researching, assessing, and adopting more affordable rate structures. States could encourage water systems to tap this set-aside money by awarding bonus points to applicants whose projects address affordability and could allocate additional principal forgiveness to systems that adopt affordable rate structures.

Ohio Environmental Council advocated that the Ohio EPA consider their water affordability report in determining affordability criteria, encouraged the inclusion of water affordability in the state's IUP goals, and suggested using set-asides to "provide direct grants to public water systems to help them design, vet, and adopt more affordable rate structures."

We the People of Detroit (WPD) urged the Michigan Department of Environmental, Great Lakes, and Energy (EGLE) to "add goals relating to achieving environmental and restorative justice, developing the local workforce, building resilience, and making water more affordable." WPD also encouraged EGLE to use set-asides "for local capacity development to support Michigan water systems' efforts to design and adopt more affordable rate structures." They articulated the following actions EGLE could take to make water infrastructure upgrades more affordable for overburdened communities:

- "Using set-aside funds to help PWSs design, implement, and assess affordable rate structures (as explained further section 10, below).
- Providing "bonus PF" or other additional subsidies to PWSs that implement an affordable rate structure.
- Providing "bonus points" in the PPL ranking formula for PWSs that implement an affordable rate structure."

CWSRF projects based on DAC/affordability criteria. A municipality that *does not* meet the state's affordability criteria can seek additional subsidization to alleviate the impact of a project's cost burden to individual ratepayers in a residential user rate class. Additional subsidization is provided to ratepayers through "a user charge rate system or other appropriate method."

Delaware, for example, tailored financial assistance to low-income wastewater and/or drinking water users within identified SRF project areas, providing municipalities with grants up to $200,000 over the course of five years. The amount of annual assistance per qualifying household was $200-400. A major downside of Delaware's program is that it was not available to utility users who have outstanding drinking water or wastewater service bills. While the use of SRF funds for water assistance programs can be a useful stop-gap to address larger water affordability issues, long-term solutions are still necessary. This includes utilities implementing more affordable rate structures for users and sustained federal funding for a permanent Low-Income Household Water Assistance Program (LIHWAP).

Watch: SRF Training Series: SRFS and Affordability

Workforce Development

Water infrastructure projects can't be completed without a skilled workforce. The water sector is at a crossroads: an estimated 10.6% of water sector workers will retire or transfer each year between 2016 and 2026 according to ASCE. Dominated by white, older men, the water sector's turnover and expansion in the coming years could bring in younger, more racially and gender diverse workers. Advocates who focus on workforce development are seeking intentional pathways through local, state, and federal policies and programs as well as through community-based organizations to open opportunities for good jobs in communities where water infrastructure work is needed.

There are several types of positions and approaches to workforce development. Here are some examples:

Types of Water Infrastructure Jobs in Water/Wastewater Systems	Types of Water Infrastructure Construction-Related Jobs
• Wastewater treatment operator • Drinking water treatment operator • Water distribution operator • Wastewater collections operator • Electrician • Mechanic • Utility manager/supervisor • Laboratory technician • Green stormwater infrastructure planner • Community engagement specialist • Engineer • Finance administrator • Water affordability program manager • Cybersecurity specialist • Administrator • Accountant • Secretary/HR • Environmental consultant	• Occupational health and safety specialist/technician • Construction equipment operator • Construction laborer • Construction supervisor • Welder • Plumber, pipefitter, steamfitter • Civil engineer • Operating engineer • Concrete worker • Electrician • Administrator • Secretary • And more!
Check out descriptions of these jobs, as well as career and technical education opportunities at Work for Water.	*Brookings Metropolitan Policy Program identifies eight different "water industries" with 212 unique "water occupations."*

Opportunities for Workforce Development Advocacy

Municipality & Utility Procurement & Contracting Protocols

Before on-the-ground implementation of projects funded by SRFs begins, the funded recipient (i.e., a municipality or water utility) must find, or procure, contractors to do the work. The procurement process is typically outlined through documentation available on the municipality's or water utility's website. Systemic barriers and outdated or flawed procurement design can limit who is able to effectively bid on and secure a project. There are many types of reforms that can lead to more equitable opportunities in the procurement process to enable more business opportunities for people of color, women, LGBTQ+ individuals, veterans, and **returning citizens**.

For example, the **City of Boston** conducted a multi-year Disparity Study to understand structural problems through community input and data analysis to compare the participation and availability of businesses receiving city contracts. Based on the results, the City established goals for contracting with BIPOC- and women-owned businesses and created a Small Business Unit and an Equity and Inclusion Unit within their Office of Economic Development. **Equitable Procurement Plans** for City departments established how they would make budgetary decisions and **Pathways to City Contracting** "opportunity fairs" connect businesses to workshops, trainings, and certifications to do business with the city.

In Louisville, KY, the Louisville and Jefferson County Metropolitan Sewer District (MSD) conducted a **disparity study** of contracting practices, looking at data from five years, and found that they under-awarded construction contracts to women- and minority-owned businesses. In response to these findings, **MSD** developed a Community Benefits Policy for contracts and enhanced their Supplier Diversity program to increase opportunities for underrepresented groups to work with them. A Local Labor Preference Policy for construction contracts links contractors to local workers and requires bidders to adhere to and track local labor percentage commitments.

Utilities can create procurement protocols that prioritize employment opportunities for local residents, encourage small contractors to apply and win bids, and ensure data collection, monitoring, and accountability to track progress of equitable allocation of bids. Municipalities may adopt an apprenticeship utilization standard and/or **project labor agreements** (PLA) to bolster the workforce development pipeline and ensure fair and safe labor standards. For example, the Milwaukee Metropolitan Sewerage District (**MMSD**)'s Office of Business and Community Engagement implements procurement practices influenced by the **Milwaukee Water Equity Taskforce**. This includes a pre-apprenticeship training program used to recruit, train, and place local workers on large construction projects to help them achieve journeyman status.

Another term you should familiarize yourself with is "community workforce agreement" or CWA (not to be confused with the **Clean Water Act**). According to **BlueGreen Alliance**, a CWA generally includes requirements related to local hire provisions, measures to hire low-income and disadvantaged workers, and developing pre-apprenticeship pathways. Check out Emerald Cities Collaborative's **compilation of CWA examples** and their "Anatomy of a Community Workforce Agreement" guide to learn more. When crafting recommendations to your city or water system, it's important to consider accountability measures: Who will track metrics and report on whether goals have been achieved? Should there be a community advisory group that the city reports to? What happens if equitable procurement requirements aren't followed?

Community Workforce Agreement (CWA): A tool used to maximize project benefits in a local community through collective bargaining agreements, local hire provisions, measures to hire low-income and disadvantaged workers, and developing pre-apprenticeship pathways.

The Environmental Finance Center Network provides programs and resources focused on workforce development within the water sector, including how to create a skills-based water workforce pre-apprenticeship program.

The seven major elements to the anatomy of an effective CWA, according to Emerald Cities Collaborative:
1. Clearly Articulated Targeted Hiring Goals
2. Definition of the Targeted Employment Category
3. Definition of Good Faith Effort
4. Monitoring and Compliance
5. Accountability Mechanisms/Sanctions
6. Minority, Women, and Disadvantaged Business Enterprises (MWDBE) Carve-Outs
7. Funding Mechanisms

The United Association of Plumbers and Pipefitters developed essential quality contracting standards for lead service line replacement projects. The three types of Quality Contracting Policies they uplift to ensure successful project completion are:

1) prevailing wage standards,
2) responsible contractor policies, and
3) project labor agreements.

The United Association of Plumbers and Pipefitters crafted the following models, which we include here as sample language.

Model Prevailing Wage Standard Specification
All contractors and subcontractors on this project are required to pay applicable prevailing wage rates per [insert reference to applicable federal/state or local law]. Compliance with the requirements will be closely monitored and strictly enforced through maximum penalties and sanctions as provided under the law.

Model "Class A" Apprenticeship Program Specification
The contractor/subcontractor certifies, under the penalty of perjury, that it participates in a Class A Apprenticeship Program for each separate trade or classification in which it employs craft workers on the project. For purposes of this clause, a Class A Apprenticeship Program is an apprenticeship program currently registered with the U.S. Department of Labor or a state apprenticeship agency that has graduated apprentices to journeyperson status for at least three of the past five years.

Model Project Labor Agreement Specification
All contractors and subcontractors of any tier, that perform work on the Project shall execute and be bound by the Project Labor Agreement (PLA) attached hereto in Appendix ____. Subcontractors may satisfy this requirement by executing the applicable Letter of Assent included in the PLA. this provision shall constitute a material term of any construction contracts or subcontracts for the Project.

Note: the PLA document itself must be developed with the local Building & Construction Trades Council in the area where the project is located; most of these counsels have model PLAs from prior projects.

EQUITABLE PROCUREMENT RESOURCES: MODEL POLICY & REPORTS

Boston's Equitable Procurement Executive Order

Equity in Construction Contracting: Some Goals Achieved Despite Mismanagement, Waste, and Gamesmanship, Portland City Auditor, summarizes the City's efforts to implement contracting equity programs and highlights design flaws, legal restrictions, and mismanagement, but also offers program design and accountability improvements.

An Equitable Water Future: Louisville, US Water Alliance

Inclusive Procurement and Contracting: Building a Field of Policy and Practice, Emerald Cities Collaborative and PolicyLink

Justice40 Playbook: The Economic Justice Playbook, Emerald Cities Collaborative

Community Benefits Agreements

Community Benefits Agreement (CBA): A legally binding, enforceable contract that is negotiated between a developer and an impacted community that explains how the developer will create opportunities for local workers, mitigate environmental and/or public health harm, and otherwise positively contribute to the local community.

The process of creating a CBA provides an expansive range of community members with the opportunity to inform how development will affect them. Private CBAs are legally enforceable agreements between community-based organizations (CBOs) and developers, while public CBAs include community benefits in a development agreement that resulted from extensive community participation. Successful CBA campaigns build power from a diverse base of coalition members who can effectively influence public officials, elected representatives, and developers, and maintain oversight and engagement throughout the development process.

A common benefit present in CBAs is the commitment to providing living wage employment opportunities to local residents and/or to provide training programs to prepare them for the type of work needed to complete the project.

The EPA's guidance memo to states explains that they should "Encourage SRF funding recipients to support safe, equitable, and fair labor practices by adopting collective bargaining agreements, local hiring provisions (as applicable), project labor agreements, and community benefits agreements."

CBA RESOURCES

Community Benefits resources abound from PowerSwitch Action (previously Partnership for Working Families), providing tools and assistance to community-based efforts to transform local economies.

Negotiate Community Benefits Agreements with Developers, Good Jobs First

Which Community Benefits Agreements Really Delivered?, article by Alex Williamson, *Shelterforce: The Original Voice of Community Development*

Fighting for Equity in Development: The Story of Detroit's Community Benefits Ordinance, written by Daniel Kravetz in consultation with the Detroit People's Platform and Equitable Detroit Coalition.

Community-Based Organizations' Workforce Development Programs

Community-based organizations (CBOs) are crucial stakeholders in efforts to improve access and equity in workforce development. CBOs can play multiple roles: advocating for stronger policies and better programs, connecting community members to resources and opportunities, and operating their own workforce development programs, including youth pre-apprenticeship programs and apprenticeship programs with wrap-around services such as transportation services, health clinics, and interview preparation.

If your organization operates a workforce development program, or if you collaborate with a CBO that does, identify the skills and labor demand that will be needed to complete water infrastructure projects in your community, and tailor program training and opportunities to tap into the job creation opportunities this funding represents.

In Detroit, Michigan, bilingual contractor training for lead paint abatement is building up a workforce that can be hired by the city's lead abatement program to remediate lead from homes primarily located in Spanish-speaking neighborhoods. Tailoring training to meet the specific needs of communities not only opens up job opportunities and circulates wealth locally, but also helps ensure communities are better prepared for project work and can appropriately inform communities about the challenges, risks, and positive outcomes associated with infrastructure projects.

COMMUNITY-BASED ORGANIZATION RESOURCES

Proven State and Local Strategies to Create Good Jobs with IIJA Infrastructure Funds, Center for American Progress

Thrive New Orleans Green Workforce Training Program

Civic Works, a Baltimore based non-profit program: Baltimore Center for Green Careers (BCGC). Read more here.

State-Level Water Workforce Programs

States can create more robust frameworks for workforce development requirements around hiring practices and priorities and may be an important arena for workforce development advocacy. State-funded programs could provide a pipeline of skilled water sector workers.

Building a career ladder needs to include opportunities for apprentices who are new to the field. In Illinois, all projects that exceed $500,000 in loan funds, including those funded through SRFs, must adhere to Illinois Works Jobs Program Act Apprenticeship Initiative requirements. The Illinois Department of Commerce and Economic Opportunity (DCEO) oversees this requirement. The Initiative's goal is that "apprentices perform either 10% of the total labor hours actually worked in each prevailing wage classification or 10% of the estimated labor hours in each prevailing wage classification, whichever is less." Contractors must submit monthly reports tracking their compliance.

STATE WORKFORCE DEVELOPMENT PROGRAM & FUNDING EXAMPLE

Illinois' Clean Water Workforce Pipeline Program

In 2019 Senate Bill 2146 established a Clean Water Workforce Pipeline Program to providing funding to community organizations, educational institutions, workforce investment boards, community action agencies, and multi-craft labor organizations to implement water sector training programs, with a specific goal of placing "residents of environmental justice communities; residents of economically and socially disadvantaged communities; those returning from the criminal justice system; foster care alumni; and, in particular, women and transgender persons" in jobs created by state financed water infrastructure projects."

Unfortunately, the program has not yet been funded (as of November 2022) and developed, but this piece of legislation demonstrates the potential impact a statewide framework could achieve in intentionally creating an equitable workforce program.

It's possible to make recommendations to include economic development criteria in a state's SRF project priority ranking factors. In Pennsylvania, PENNVEST adds points to the rating for each project if it has a direct or indirect link to job creation or preservation and private investment. In Indiana, the Alliance of Indiana Rural Water's Indiana Drinking Water Certified Operator Apprenticeship Program is supported by the state's DWSRF base capitalization grant set-aside.

Federal Workforce Development Programs

Opportunities to build the water workforce exist at the national level as well. The EPA's Innovative Water Infrastructure Workforce Development Grant Program provides nonprofit organizations and institutions of higher education with funding to build career opportunities and workforce development within the drinking water and wastewater sector. One grant recipient in Michigan, the Grand Rapids Community College, partners with the public school system, the City of Grand Rapids, and other nonprofits to conduct training program outreach in low-income neighborhoods, provide job skills training to students, and aims to increase the quantity of certified water and wastewater treatment workers in the area by 20%.

For more background information and opportunities for action on workforce development in the water sector, take a look at the Brookings report, "Renewing the water workforce: Improving water infrastructure and creating a pipeline to opportunity," which outlines a water workforce playbook with several actionable points for utility employers, regional collaborations, and state and federal agencies. The EPA's America's Water Sector Workforce Initiative, developed in 2020, outlines EPA's goals of collaborating with other federal agencies and working with utilities, tribes, and states to bolster water sector careers. Finally, the BlueGreen Alliance's User Guide to the Bipartisan Infrastructure Law outlines how BIL can provide opportunities across sectors to maximize benefits for workers, communities, and equity.

Technical Assistance

For eligible entities that have never successfully applied to receive SRF funding, knowing who to turn to for help can make or break a robust application. Indeed, even entities that have applied and secured SRF dollars before find the application process time consuming and complex. Technical assistance (TA) refers to a variety of support from experts to help water systems plan and apply for SRF funds. Remember: your utility may not know that these resources exist! As an advocate, communicating with appropriate staff at the local level is crucial—not just to highlight what needs to be done, but to build rapport and trust by serving as a connector to opportunities and resources they may not know about.[5]

Technical Assistance (TA): Targeted support that external experts or consultants provide to ensure a project application, process, or outcome is achieved. Technical assistance may include financial, legal, engineering, communications, grant writing, environmental assessments, and other services, including community engagement. Applicants and recipients can receive TA prior to preparing an SRF application, during the application process, and while the project is underway.

How Do Utilities & Other SRF Applicants Access Technical Assistance?

Many utilities and other SRF applicants use different sources of technical assistance (TA) depending on their specific need and in-house capacity. Some communities have contracts for ongoing TA with consultants. For larger, project-based work, a utility with sufficient resources might solicit proposals from a wider group of consultants. Other communities receive technical assistance through the National Rural Water Association (NRWA), Rural Community Assistance Partnership (RCAP), and Environmental Finance Centers (EFCs), among other providers. While it varies state by state, the state typically coordinates the assistance and provides TA for utilities that meet certain socioeconomic and/or size criteria. In some cases, the provider works directly with the community.

How Can States Help Utilities & Other SRF Applicants Pay for Technical Assistance?

Set-Asides

For both the Drinking Water SRF and Clean Water SRF, federal statute allows states to use up to 4% of the annual amount they receive from Congress—called the capitalization grant—for program administration and technical assistance. States may also use an additional 2% of their DWSRF capitalization grants for technical assistance to systems serving fewer than 10,000 people. In addition, states can set aside up to 10% of their DWSRF capitalization grant for public water system supervision (PWSS) programs or to develop and implement a capacity development strategy. BIL authorized set-asides from the SRFs of 2 to 3% for salaries, expenses, and administration. For DWSRFs (including lead service line replacement and emerging contaminants funds), up to 31% of the federal capitalization grant could potentially be set aside to help fund statewide TA programs as well as direct assistance to local utilities for "pre-construction activities."

5 Thanks to the SRF State Advocates Forum, particularly Katy Hansen from the Environmental Policy Innovation Center, for providing some of the content in the Technical Assistance section.

EXAMPLE FROM ILLINOIS:

In their 2022 IUP, Illinois EPA indicated that they use Small System and Local Assistance and Other State Programs set-asides to provide TA with the Illinois Rural Water Association. The agency intends to use additional set-aside funds to provide support to northern Illinois public water systems, "with a focus on assisting disadvantaged communities in building their capacity for sustainable and equitable water management activities such as assistance with water rate studies, preliminary engineering or other facility planning, training activities, asset management plans, assistance with identification and replacement of lead service lines, and studies of efficiency measures through utility regionalization or other collaborative intergovernmental approaches."

The technical assistance needs of small and/or disadvantaged communities can vary widely but should be underpinned by clear and open communication and the goal of increasing the number of communities who successfully apply for and secure SRF funding.

ADVOCACY OPPORTUNITIES

The need for technical assistance arises out of the fact that state SRF processes tend to be complex—an initial advocacy step is encouraging states to simplify their application processes where possible to lower the barriers for communities with limited technical, managerial, and financial capacity. Ideally, the balance of funding utilized for both TA providers to support the planning and application process and actual project implementation should be thoughtfully distributed, ensuring sufficient funding is available for actually addressing the water infrastructure needs of each community.

RECOMMENDED READING

Uncommitted State Revolving Funds, includes recommendations to enhance effective SRF administrative practices, by Nicholas Institute for Environmental Policy Solutions (Duke University) and Environmental Policy Innovation Center.

DWSRF Set-Asides: A State-by-State Analysis, EPA (reports range in publication from 2007–2015).

Encourage your state to use set-asides for TA and proactively provide technical assistance to disadvantaged communities. States are allowed under federal statute to use up to 4% of their annual capitalization grant for TA and program administration for CWSRF and DWSRF. Other DWSRF set-asides are eligible for TA use, but states tend to not fully use them.

The following table, from the Environmental Policy Innovation Center's report *Drinking Water Equity: Analysis and Recommendations for the Allocation of the State Revolving Funds*, demonstrates that between 2011-2020, DWSRF set-asides were under-utilized by states and territories.

Table 1: Description, allowed precent, and average percent of capitalization grant allocated for authorized set-asides that include technical assistance

Authorized set-asides that include technical assistance	Allowed percent of capitalization grant[22]	Average percent of capitalization grant
Administration and technical assistance	4 %	3.7 %
Technical assistance to systems serving fewer than 10,000 people	2 %	1.6 %
State program management, including supervision, technical assistance through source water protection program, capacity development, and operator certification	10 %	7.9 %
Local assistance for land or conservation easements, source water protection, technical and financial assistance for capacity development, and wellhead protection	15 %	6.5 %

Technical Assistance Providers

Environmental Finance Center Network

Environmental Finance Centers (EFCs) are supported by the EPA and other funding partners to provide targeted technical assistance to local and state governments, tribes, and nonprofit organizations to secure public funding for infrastructure improvements. Until 2022 there were 10 EFCs, one per EPA region. In 2022 the EPA announced $100 million in grant funding to establish more EFCs, including regional water infrastructures EFCs and national water infrastructure EFCs.

EFCs provide trainings, applied resources, direct assistance, and advising services. For example, the Environmental Finance Center at University of North Carolina Chapel Hill offers free one-on-one technical assistance for systems providing drinking water and wastewater services to up to 10,000 people. The EFC at Syracuse University developed a funding guide database for New York State municipalities and local governments, and the University of Maryland EFC runs a Municipal Online Stormwater Training Center (MOST).

Finding Help: Technical Assistance from Environmental Finance Centers

EPA Region	States Served	Environmental Finance Center	Contact
1	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont	New England EFC at the University of Southern Maine	Efc@maine.edu
2	New Jersey, New York, Puerto Rico, and the US Virgin Islands	EFC at Syracuse University	Staff contact info
3	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia	EFC at the University of Maryland	Staff contact info
4	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee	EFC at University of North Carolina, Chapel Hill	Staff contact info
5	Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin	Great Lakes Environmental Infrastructure Center at the Michigan Technological University	Gleic-support@mtu.edu or call (906) 487-2102
6	Arkansas, Louisiana, New Mexico, Oklahoma, and Texas	Southwest EFC at the University of New Mexico	Swefc@unm.edu or call (505) 277-0644
7	Iowa, Kansas, Missouri, and Nebraska	Wichita State University EFC	Efc@wichita.edu or call (316) 978-7240
8	Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming	National Rural Water Association EFC	Staff contact info or call (580) 252-0629
9	Arizona, California, Hawaii, Nevada, American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Guam, Marshall Islands, and Republic of Palau	EFC at Sacramento State	
10	Alaska, Idaho, Oregon, and Washington	EFC at the Rural Community Assistance Corporation	Kristin K'eit, EFC Coordinator at kkeit@rcac.org or call (907) 764-9798

Technical Assistance Partners and Programs

National Rural Water Association (NRWA) – A nonprofit that provides training and support to water and wastewater professionals serving small communities. NRWA received grant funding from the EPA in 2022 to provide training and TA for small public water systems to improve financial and managerial capacity and to achieve compliance with the SDWA. NRWA also collaborates with USDA to operate the Rural Water Circuit Rider Program.[6]

Rural Community Assistance Partnership (RCAP) – A national network of nonprofits provides onsite TA, training, and technical, financial, and managerial tools and resources to rural communities. RCAP received grant funding from the EPA in 2022 to work with small public water systems to improve financial and managerial capacity and to achieve compliance with the SDWA. Check out wateroperator.org, a collaboration between RCAP and the University of Illinois featuring training events and a resource library for small system operators. The six regional partners cover states, territories, and tribal lands.

Learn more at www.rcap.org/about-us/

RCAP REGIONAL PARTNER CONTACTS

Western RCAP *Alaska, Hawaii, California, Oregon, Washington, Colorado, Idaho, Nevada, New Mexico, Arizona, Utah*
Rural Community Assistance Corporation (RCAC)
3120 Freeboard Drive, Suite 201
West Sacramento, CA 95691
(916) 447-2854 | www.rcac.org

Midwest RCAP *Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Wyoming*
Midwest Assistance Program (MAP)
309 East Summit Dr,
Maryville, MO 64468
(660) 562-2575 | www.map-inc.org

Northeast & Caribbean RCAP *Connecticut, Maine, Maryland, Massachusetts, Rhode Island, Vermont, New York, New Jersey, Pennsylvania, Puerto Rico, US Virgin Islands*
RCAP Solutions
191 May St | Worcester, MA 01602
(800) 488-1969 | www.rcapsolutions.org

Great Lakes RCAP *Illinois, Indiana, Michigan, Kentucky, Ohio, West Virginia, Wisconsin*
Great Lakes Community Action Partnership
P.O. Box 590 | 127 S. Front St., 2nd Floor
Fremont, OH 43420
(800) 775-9767 | www.glrcap.org

Southern RCAP *Alabama, Arkansas, Louisiana, Mississippi, Oklahoma, Tennessee, Texas*
Communities Unlimited
3 East Colt Square Drive
Fayetteville, AR 72703
(479) 443-2700 | www.communitiesu.org

Southeast RCAP *Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia*
Southeast Rural Community Assistance Project (SERCAP)
347 Campbell Ave. SW | Roanoke, VA 24016
(866) 928-3731 | www.sercap.org

Environmental Protection Network's Pro Bono Capacity-Building Technical Assistance Program offers pro bono assistance to communities and nonprofits to translate regulator processes into lay language, advice on navigating regulatory or grants programs, connecting groups to others in EPN's network, and identifying contacts at regulatory agencies.

EPIC's Funding Navigator program aims to connect under-resourced water utilities to technical assistance to navigate each step of the funding application process.

MI Water Navigator helps water systems navigate Michigan's infrastructure funding systems by assessing, identifying, and applying to relevant funding sources, including SRFs.

Drinking Water 1-2-3 Technical Assistance – Metropolitan Planning Council offers technical assistance and on-the-ground implementation of best practices in drinking water management. Applicants must be representatives of a municipality or a municipal partnership within northeastern Illinois.

WaterNow Alliance's Project Accelerator provides public drinking water, wastewater, and stormwater agencies with pro-bono support to jumpstart sustainable water projects. Recent application cycles focus on projects that support under-resourced communities. To learn more, email aw@waternow.org.

Center for Watershed Protection provides assistance in preparing Clean Water SRF applications, including developing budgetary cost estimates and concept designs, helping ensure compliance with labor and material-sourcing requirements, and more.

US Water Alliance's Water Equity Network advances equitable water management practices; participants receive coaching and support to address local challenges and improve policies and programs.

Moonshot Missions works with utilities and communities to review their technical, management and, and financial conditions to assess their needs and capacity.

Tribal Technical Assistance for SRFs

The Inter Tribal Council of Arizona (ITCA) provides tribal water and wastewater technical assistance in partnership with federal agencies and other organizations to tribal water utility operators and managers to develop technical, managerial, and financial capacity (TMF) as well as water and wastewater utility sustainability. Services are provided free of charge.

Other tribal assistance providers include Inter-Tribal Council of Nevada, Native American Water Association (NAWA), and United South & Eastern Tribes (USET).

For a full list of funding sources for tribal water and wastewater projects, see this table.

6 NWRA provides vital support to small and rural systems but may not meet every water system's goals and needs. Exploration of additional TA providers, such as Environmental Finance Centers, can help communities identify they best partner for their water infrastructure needs

Building Equitable Water Infrastructure: Tools and Strategies

SRF money should flow to communities with the greatest need, including formerly redlined, low-wealth neighborhoods with lead service lines, municipalities with declining populations whose shrinking ratepayer base struggle to fund water infrastructure projects, rural communities bombarded with PFAS contamination, and indigenous communities who have limited to no built infrastructure connecting them to reliable, safe, and affordable drinking water and sanitation. Whether you work in a small community or represent a statewide organization, articulating your "why" connects the stories and lived experiences of the communities you represent to the often technical and complex SRF processes.

In addition to participating in the IUP public comment period, there are several arenas of influence that water advocates can and should engage within at the local government/utility level, state level, and federal level. This section includes tools and resources like sample letters and op-eds, social media and print out graphics, contact information, and more.

Initial Information Gathering – Questions for Reflection

What are my organization's goals related to SRFs?

As you think about how you want to engage in shaping SRF processes, use these questions and suggestions to identify your goals, your partners (current and future), and possible tactics. Write down your ideas to begin creating a plan of action.

- To assist a specific water system to tap into SRF funding?
- To increase community engagement with our state agency to improve procedural justice in the SRF decision-making process?
- To increase my state's overall distribution of funds to disadvantaged communities?
- To increase the number of green infrastructure projects that get onto our state's PPL?
- To secure funding for PFAS or other emerging contaminants remediation in a certain county?
- To establish a workforce development program to deliver secure, well-paying jobs to individuals in frontline communities?
- To increase a city's resilience to flooding?
- To improve our water/wastewater systems asset management plan?
- To implement affordable rate structures?
- To address issues in local waterways (streams, lakes) in one or more communities?
- Other

Who does my organization need to develop/ strengthen relationships with?

Depending on your goals, you should map what relationships you already have, where there are gaps, and key players you should reach out to.

- Municipal employees
- Water/stormwater utility employees
- Technical assistance providers
- Universities/academic researchers
- Organizations running workforce development programs
- Community based organizations
- Watershed groups
- Parks and Recreation agency staff
- Rural community members
- Neighborhood associations
- State SRF program employees
- State/local hazard mitigation staff (e.g., flooding)
- State legislators
- EPA regional office SRF employees
- Advocates with more experience with SRFs in other parts of the country

What short- and mid-term tactics do we need to use to accomplish our goals? For example:

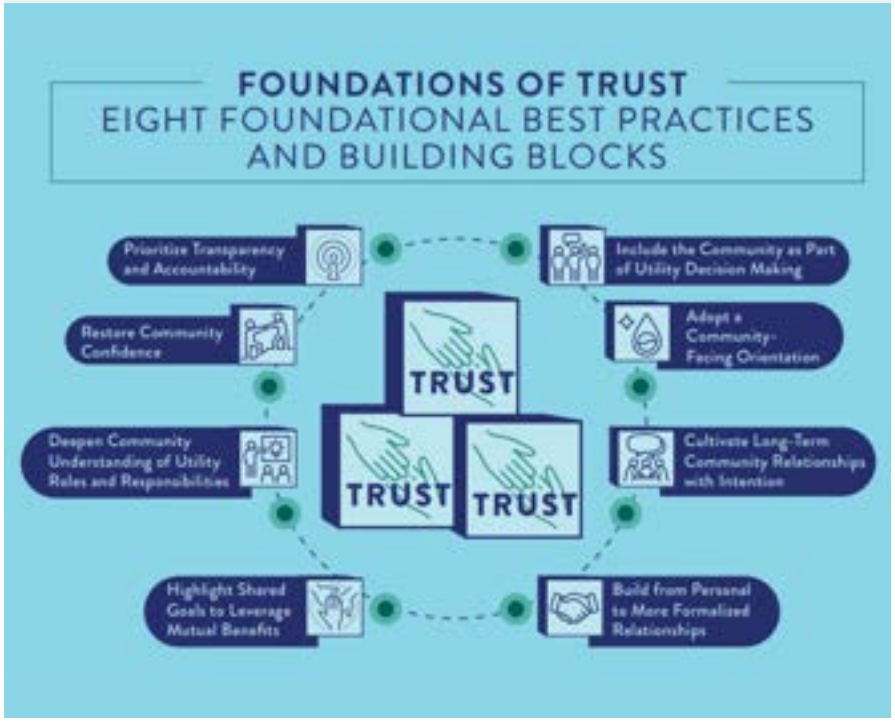
- Educate staff, volunteers, members and/or wider public about what SRFs are and how they can benefit communities. Consider the best methods to reach your audience(s): hosting in-person or virtual workshops, speaking at neighborhood association meetings, setting up learning sessions with partner organizations, etc.
- Identify individuals/organizations with which to build strategic relationships (based on the previous reflection question) and establish necessary coalitions, coming to consensus on collective priorities. Develop shared solutions related to goals and priorities.
- Begin messaging: to traditional decision-makers (utility staff, state agency staff) and to community members. Proactively meet to talk about your goals and how SRFs can help accomplish them. Amplify public comment periods and hearings and draft talking points. Submit robust, detailed comments.
- Help find and secure technical assistance for application requirements to get projects on the PPL.

Letter & Email Templates

Working with Your Utility

Building working relationships with the entity that can actually apply for SRFs is a foundational step for effective advocacy. You may or may not already have a relationship with the water, wastewater, and/or stormwater utilities that manage your organization or community's water—and if you do have a relationship, it may be marred by a history of confrontation, disappointment, or mistrust. New efforts to make connections and provide your perspective and recommendations will take time and effort for all parties involved.

River Network and WaterNow Alliance's report ***Building Blocks of Trust: Creating Authentic and Equitable Relationships Between Community Organizations and Water Utilities*** **highlights best practices and building blocks for local community groups and water systems to take to establish strong and authentic relationships.**



Capital Improvement Plan: Capital improvement plans list all planned projects, equipment purchases, and major planning / engineering studies of a utility or municipality. These implementation plans provide a working blueprint for sustaining and improving the community infrastructure and typically include information about construction timeframes, and financing and funding needs.

You can find out what kind of projects your utility or municipality plans to complete by reading their capital improvement plan, but these may be hard to find or difficult to interpret; direct communication is likely your best way of getting the information you seek and provides a way to share your priorities and questions. It may be necessary to access information through your state's regulatory commission for regulated water systems.

EMAIL TEMPLATE TO INITIATE COMMUNICATION WITH STATE SRF STAFF

Initiate contact with your state SRF program staff via email or phone. If emailing, copy any relevant partners or coalition members who also want to be a part of the conversation. This template assumes you are reaching out before the release of a draft IUP and that this is the first time you've contacted them. Adjust as necessary.

Dear [contact name],

Hello, my name is [name] and I work at [name of organization]. [Provide a short description of what your org does, where it's located, who you represent, and how your work relates to water infrastructure. If you are sending email on behalf of a coalition or other partners, list them as well]. I'm reaching out to you because [organization/coalition] would like to meet with you to discuss [state's Drinking Water or Clean Water State Revolving Fund program].

We would appreciate gaining insight on the timeline for when you expect to release the draft Intended Use Plan, and to discuss our priorities as it relates to [include your priorities here- is it the amount of time the IUP comment period will be open? Is it about the state's definition of affordability criteria or DAC? Is it about their ranking criteria for project prioritization? Is it about your community's project application?].

Please let me know some dates and times that you'd be available to meet. We look forward to hearing from you soon.

Sincerely,

[signature block]

STATE-LEVEL TOOL

Advocating within administrative, formal channels poses challenges if your municipality, water system, state SRF agency, or other decision-making bodies are reticent to share information with you or act on the changes you want to see come to fruition. If the state SRF staff are unwilling to meet with you, you could consider writing a formal letter to individuals higher up in the administration. In the letter, you might express your frustration with the agency's responsiveness, press them to have more open and accessible procedures, outline your priorities and concerns, and ask again for a meeting. If that is still unsuccessful, you can consider reaching out to EPA regional staff (see below) or invest in more public forms of pressure. Expand your reach by writing public-facing op-eds and letters to the editor. Once you've fine-tuned your message, consider sharing it widely on social media and in any kind of newsletter that your organization publishes. Share your work and goals with state legislators or others who may be able to pressure the state agency to be more responsive to community organizations.

Op-Ed Pointers

1. Consider your "targets." You want your messaging to resonate with your intended audience. Are you trying to reach out to the general public, elected officials, or agency bureaucrats?
2. If you have a specific news source in mind, check to find their word count limit and submission deadline.
3. "Asks," recommendations, or demands should be included—you want to see results! Specify what they are.
4. Include personal/community stories: why is what you are describing and asking for important? What's the impact? Cite local examples.

Structure of an Op-Ed

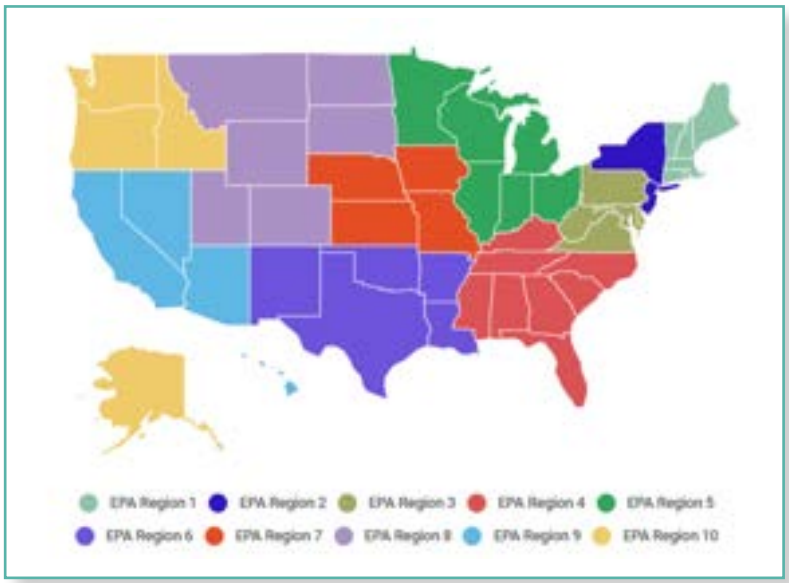
1. Introduce your relationship with the issue (drinking water contamination, flooding, etc.) and frame the issue within the context of SRFs.
2. Explain the impacts of action/inaction—what's the problem? Include a mix of facts and storytelling/personal narrative.
3. Drive home the solution you are proposing, how it will improve public health, your town's climate resiliency, workforce development and job opportunities, water affordability, etc.
4. End with a call to action/what to do next (come to a training to learn how to speak at a public hearing, write comment letters, contact your legislator).

Resource Media has a great toolbox with other messaging resources if you want to check out other advocacy templates and tips.

CROSS-LEVEL TOOL

Communicating with the EPA

The amount of money dedicated to SRFs is set by Congress, and the EPA then passes the money out to states, tribes, and territories based on determined criteria. While the EPA doesn't directly manage how most SRF funding is spent, the agency does play an important role in providing guidance to states, reviewing states' Intended Use Plans (IUPs), and providing technical assistance and support.



TEMPLATE LETTER TO REGIONAL SRF STAFF

Special thanks to Rebecca Hammer of NRDC and Julian Gonzalez of Earthjustice for developing this template and allowing for its inclusion in this toolkit.

Background FAQ for EPA Regional Office State Revolving Fund (SRF) Template Letter
Clean Water for All Coalition – July 2022

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1. Why should I contact my EPA regional office about my state's SRF spending plan?

Before a state can access its annual allotment of State Revolving Fund money from the federal government, the EPA must first approve the state's plan for how it intends to spend those funds. This plan is known as the Intended Use Plan (IUP) and Project Priority List (PPL). The review and approval process are typically performed by staff in the EPA's regional offices.[1] There are ten EPA regions, each responsible for implementing the agency's programs in a handful of states.

Unlike the IUP/PPL development process at the state level, there is no defined opportunity for members of the public to weigh in with EPA regional offices about states' SRF spending plans or push EPA to hold states accountable to the public. Nonetheless, it is valuable to communicate any concerns about your state's plan directly with the EPA regional office staff responsible for reviewing it—before they approve it and disburse that year's tranche of funding. EPA staff can then raise issues directly with state SRF program managers as part of any negotiations between EPA and the state over the contents of the final plan. The names and contact information for EPA regional office SRF program coordinators are listed at the end of this document.

EPA regional offices are also responsible for providing SRF technical assistance, advice, and consultation to states, so advocates can tell EPA regional staff what new or additional support you believe is needed in order to make your state's program more effective and equitable.

2. What authority does the EPA regional office have to influence my state's plans?

The Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) establish the requirements for state IUPs. These guidelines are quite broad, giving states wide discretion to allocate funding if they adhere to basic federal rules around eligible recipients and project types and the distribution of additional subsidization (grants and principal forgiveness). As a result, the EPA's authority to influence state plans is somewhat limited.

That said, the EPA regional offices do possess some leverage over state plans by virtue of the fact that they hold the purse strings. For example, they can:

- Request more information from the states to ensure that statutory requirements are met.
- Review plans for compliance with cross-cutting federal rules such as the Civil Rights Act's non-discrimination standards.
- Ask states to voluntarily update their SRF policies and provide resources to help them do so.

In March of 2022, EPA issued a memo to the states on implementation of the SRF funds in the Bipartisan Infrastructure Law, signaling that it intends to take a more active role than usual in the IUP approval process. In particular, the memo stated that EPA will review state policies to ensure compliance with the BIL's mandate to provide 49% of funds as additional subsidization, including by verifying that:

- Their "affordability criteria" and definitions of "disadvantaged community" are consistent with the CWA and SDWA.
- Their priority ranking systems for project applications will result in disadvantaged communities receiving funds.
- Their outreach, engagement, technical assistance, and application processes do not present barriers that would prevent disadvantaged communities from receiving funds.

Advocates can emphasize these agency commitments to your EPA regional office and provide your perspective on how your state's plans do or do not comply with legal requirements.

3. What types of partners might I want to include in these conversations?

A lack of functioning or well-maintained water and sanitation infrastructure can affect many members of the community. Advocates communicating with EPA regional offices should consider including community leaders, grassroots groups, or any other individuals impacted by local infrastructure shortfalls. These voices are not always heard in state decision-making processes and even less frequently at the EPA regional level. Note that it is helpful but not necessary for these partners to have commented on the state's IUP before elevating concerns to the EPA region, as long as your organization has engaged the state on these issues (EPA's first suggestion is usually for NGOs to work directly with the state on its IUP).

4. Where can I find additional background information on the State Revolving Funds?

In the SRF Advocacy Toolkit! And EPA's fact sheets and resources on the Clean Water and Drinking Water SRFs:

- Clean Water State Revolving Fund (CWSRF) Factsheets | US EPA
- Reports and Fact Sheets about the Drinking Water State Revolving Fund (DWSRF) | US EPA

Dear [name of EPA Regional SRF point person],

On behalf of [your organization], we write to share our perspective on [your state's] plans for spending its State Revolving Fund (SRF) resources over the coming year. [Briefly describe your organization, its location, its purpose or goal, its membership base, and/or why you care about water infrastructure/clean water/public health.]

We thank the Environmental Protection Agency (EPA) for involving residents, community organizations, and environmental groups in the implementation of the SRF program. The SRF takes on heightened importance this year given the passage of the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law. The scope and size of the law's new investments present an unprecedented opportunity to improve water infrastructure throughout our [community/state/country]. Community input on disbursement of these funds is a critical part of the implementation process and will result in more equitable and efficient investments.

We understand that EPA Regional Offices are responsible for engaging with state SRF agencies and reviewing their plans to ensure consistency with federal requirements. Given your important role in holding states accountable, we ask that you consider our views on [your state's] proposed SRF plans and our experiences engaging with [state agency] on this issue.

[Describe your organization's engagement in your state's SRF process, such as the development of its most recent Intended Use Plan (IUP). Did you submit comments? If so, attach them to this letter. Did you testify at a public hearing or meet with state agency staff?]

[Next, describe your organization's priorities for the IUP or the state's water infrastructure investment strategy more generally—for example, directing funds to disadvantaged communities; funding a specific project; funding projects in a specific community; maximizing funding in the form of grants or principal forgiveness; prioritizing green projects; considering climate impacts and enhancing resilience; providing technical assistance for potential applicants; and/or ensuring projects support local workforce development.]

[Describe how your state responded to your input. If the state's response—or lack thereof—did not address your concerns, explain why that response was not adequate. You may want to reference EPA's March 2022 Bipartisan Infrastructure Law SRF implementation memo.]

We ask that EPA Region [#] not approve [your state's] IUP unless it makes key changes to address these issues. [If not already clear, describe the changes you consider critical.] We also request a meeting with your office to discuss how Region [#] can work with [your state] to ensure that [your objectives] are achieved.

Thank you for considering this request. We look forward to hearing from you soon.

Sincerely,

[signature block]

For more ideas on taking action related to water infrastructure decision-making processes, explore the "Decision-Making and Influence" section of River Network's Equitable Water Infrastructure Toolkit.

IMPORTANT CONTACTS

Who should I contact at EPA?

EPA Regional SRF Staff – There are 10 regional offices across the country. Regional EPA staff are the ones who review and approve states' IUPs. After you've submitted comments on your state's draft IUP, share your suggested changes with your EPA regional SRF point person too; they can ask a state to make changes before approving the draft IUP.

EPA Office of Water – Based in Washington, D.C., and responsible for implementing the Clean Water Act and Safe Drinking Water Act, the Office of Water works with the 10 EPA regional offices, as well as other federal agencies, tribes, state and local governments, and other stakeholders.

EPA Office of Environmental Justice & External Civil Rights – This office includes staff at EPA headquarters and regional offices who oversee the agency's delivery of Justice40 benefits and engage communities with environmental justice concerns and enforces federal civil rights laws.

EPA Municipal Ombudsman – EPA employs a "Municipal Ombudsman" to serve as a resource for communities as they strive to comply with the Clean Water Act. Therefore, issues related to the CWSRF fall under the purview of the Ombudsman. Reach out to the Ombudsman if you're running into issues with other EPA offices, since they can help coordinate with EPA officials and other stakeholders to serve as an intermediary to resolve problems. Cities, towns, boroughs, districts, tribes and tribal organizations can access these services (if in doubt, reach out).

National Environmental Justice Advisory Council (NEJAC) – A federal advisory committee to EPA that provides independent advice and recommendations. Several council members have expertise on water issues. Find out about upcoming NEJAC meetings here.

National Tribal Caucus – A national body of high-level tribal representatives who work with EPA to provide information and advice on the agency's tribal programs and environmental issues. Contact information of Tribal Caucus members can be found here.

EPA Regional Contacts

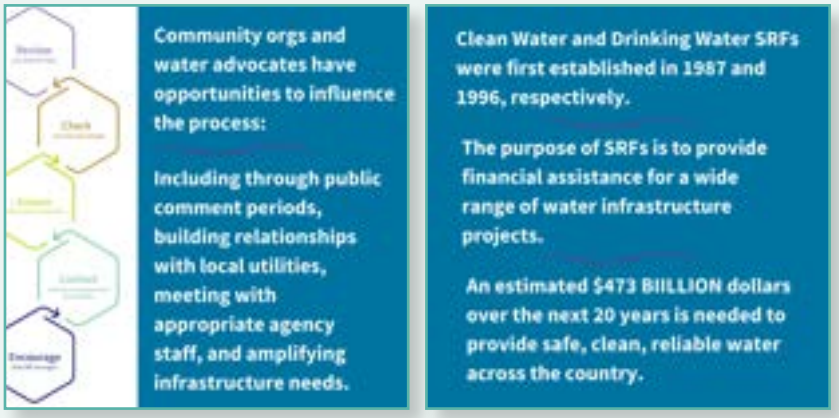
State SRF websites and contact information can be found here, along with EPA Regional SRF Coordinator contact information and EPA Regional tribal contact information. *Something outdated? Email us at* infrastructure@rivernetwork.org

Graphics

The graphics included throughout this toolkit are available for you to share electronically or to download and print. Download them by clicking the following links:

- SRF Process Map
- SRF Key Roles
- Lead Service Line Graphics
- PFAS Graphics
- RCAP Regional Partners
- What's in an IUP?
- Eligible PFAS/Emerging Contaminants Projects
- Who do I talk to?

We have also developed social media graphics to highlight the importance of SRFs. Download them here and feel free to adapt them to your organization's members/audience.



Glossary

Additional subsidization: Awards with better ("additional") financing terms that do not need to be repaid. Additional subsidization comes in three forms:

1) **Grants** – An award of financial assistance that does not have to be repaid.

2) **Principal Forgiveness** (PF) – Assists applicants to reduce the size of an SRF loan by forgiving a portion of the loan. While PF works similarly to a grant, it does not follow federal grant reporting requirements, therefore reducing administrative costs. States develop criteria to determine which projects qualify for principal forgiveness.

3) **Negative Interest Loans** – A negative interest rate reduces the total repayment amount —this is uncommonly used by states.

Affordability Criteria: This term applies to requirements of the Clean Water State Revolving Fund and is used to identify economically disadvantaged municipalities based on income data, unemployment, and population trends. Applicants who meet a state's affordability criteria may receive additional benefits for their projects, including longer loan terms, lower interest rates, higher priority ranking, and/or additional subsidization in the form of principal forgiveness or grants.

Authorization: Congressional authorization establishes or continues the authority for agencies to conduct programs or activities.

Appropriation: Funding is made available to federal programs and activities through an appropriations act, which details the specific funding level for each federal agency and its programs. Sometimes Congress enacts supplemental appropriations acts. It is possible for some laws, like the Bipartisan Infrastructure Law, to both authorize *and* appropriate funds for programs.

Bipartisan Infrastructure Law (BIL): This law, also known as the Infrastructure Investment and Jobs Act (IIJA), was passed in November 2021 and authorized investments in dozens of existing and new programs across federal agencies to address aging infrastructure, including roads and transportation, water, broadband, energy, airports and ports, and cyber security infrastructure, along with investments in environmental pollution cleanup programs.

Capitalization Grants: Federal grants awarded by EPA to a state, tribe, or territory to cover part of their revolving funds. These grants "establish permanent financing institutions in each state to provide continuing sources of financing" for water infrastructure projects.

Capital Improvement Plan: Capital improvement plans list all planned projects, equipment purchases, and major planning / engineering studies of a utility or municipality. These implementation plans provide a working blueprint for sustaining and improving the community infrastructure and typically include information about construction timeframes, and financing and funding needs.

Clean Watersheds Needs Survey: The EPA conducts this survey once every four years in collaboration with states, territories, and DC to assess the capital improvement needs for wastewater and stormwater treatment and collection systems. The results of the assessment are reported to Congress and state legislatures and include information on publicly owned wastewater collection and treatment facilities; stormwater and combined sewer overflows control facilities; nonpoint source pollution control projects; and decentralized wastewater management. Learn more here.

Community Benefits Agreement (CBA): A legally binding, enforceable contract that is negotiated between a developer and an impacted community that explains how the developer will create opportunities for local workers, mitigate environmental and/or public health harm, and otherwise positively contribute to the local community.

Community Workforce Agreement (CWA): A tool used to maximize project benefits in a local community through collective bargaining agreements, local hire provisions, measures to hire low-income and disadvantaged workers, and developing pre-apprenticeship pathways.

Disadvantaged Communities (DACs): This term applies to requirements of the Drinking Water State Revolving Fund, though other federal and state programs may use the term too, potentially with different definitions. For the DWSRF, states are required to explain how they define "disadvantaged community" and must use this definition to identify applicants serving DACs. If a community is identified as a DAC, they may receive additional benefits for their projects, including longer loan terms, lower interest rates, higher priority ranking, and/or additional subsidization in the form of principal forgiveness or grants. The Bipartisan Infrastructure Law added additional parameters regarding how much SRF funding must go to DACs.

Drinking Water Infrastructure Needs Survey and Assessment: The EPA conducts this survey once every four years in collaboration with states, territories, and community and noncommunity water systems to project drinking water system needs for the next 20 years. The results of the assessment are reported to Congress and are the basis for determining how much DWSRF money is distributed to states, tribes, and territories.

Emerging Contaminants: "Substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment." (US EPA)

Green Stormwater Infrastructure (GSI): Refers to the practice of using nature-based water management techniques that protect, restore, or mimic the natural water cycle as a means of preventing flooding, improving ecosystem health, and offering many other community benefits, it looks pretty! Examples of green stormwater infrastructure include bioretention techniques such as rain gardens and bioswales (vegetated channel), which use amended soil and native plants to capture, retain, and slowly infiltrate rain drops where they fall.

The EPA defines GSI as "a wide array of practices at multiple scales that manage wet weather and that maintain and restore natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale green infrastructure consists of site- and neighborhood-specific practices, such as bioretention, trees, green roofs, permeable pavements, and cisterns."

Intended Use Plan (IUP): Each state creates an annual IUP describing the state's process for ranking projects for selection, set-aside activities, how they have defined and prioritized disadvantaged communities (DACs) for the DWSRF and affordability criteria for the CWSRF, and a list of all projects seeking funding in the next fiscal year (the project priority list).

Natural Infrastructure: Environmental and Energy Study Institute (EESI) defines natural infrastructure as, **"**Projects that use existing or rebuilt natural landscapes (i.e., forests, floodplains, and wetlands) to increase resilience to climate impacts, often resulting in environmental, economic, and social co-benefits."

Nonpoint source pollution: Pollution that is generated from a widespread source, such as excess fertilizer on grass and farms, as opposed to a specific point, such as a pipe from a factory. Nonpoint source pollution exacerbates water quality problems and can be difficult to track due to their dispersed nature. Nonpoint source pollution negatively affects drinking water supplies, fisheries, and wildlife.

PFAS: Per- and polyfluoroalkyl substances, often referred to as "forever chemicals" since they do not break down easily and accumulate over time, are human-made chemicals that can contaminate drinking water (along with air, food, and soil).

Project Priority List (PPL): The list of projects a state intends to fund. Projects are prioritized based on ranking criteria. Projects are ranked based primarily on if they address the most serious risks to human health; are necessary to ensure compliance with the requirements of the Clean Water Act or Safe Drinking Water Act; and assist systems most in need. States have different approaches to project ranking. The number of points used varies by state (I.e., New Jersey's DWSRF projects can get a maximum 3,226 points, while Indiana's DWSRF projects can receive up to 100 points). PPLs may be updated multiple times a year.

Resilience: Refers to a community's ability to adapt to changing conditions and recover from a disruptive event.

Safe Drinking Water Act (SDWA): This Act became law in 1974 to regulate the nation's drinking water and source water. It was amended twice, in 1986 and 1996, and the 1996 amendments established the Drinking Water State Revolving Fund. The EPA uses the SDWA to regulate contaminants found in drinking water and works with water systems and states to ensure standards are met. Learn more here.

Technical Assistance (TA): Targeted support that external experts or consultants provide to ensure a project application, process, or outcome is achieved. Technical assistance may include financial, legal, engineering, communications, grant writing, environmental assessments, and other services, including community engagement. Applicants and recipients can receive TA prior to preparing an SRF application, during the application process, and while the project is underway.

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Additional resources are included on the final page of the Technical Assistance section and are not reproduced here.

Appendix

Table 1. How Much Money Does Each State and Territory Receive?

DWSRF	CWSRF
The Drinking Water Infrastructure Needs Survey and Assessment conducted every four years by the EPA **determines the amount of funds allocated to each state and Puerto Rico**. Tribes and territories are allotted a specific percentage of national funds prior to states' allotments.	The **amount of funds allocated to each state, DC, and US territories are determined through a water quality needs formula**, unrevised since 1987. The formula has been criticized by advocates, states, and legislators as arbitrary and opaque, and the Senate Environment and Public Works Committee could pursue options for updating the formula. A periodic Clean Watersheds Needs Survey conducted by the EPA could be a helpful tool in updating the CWSRF formula. Tribes are allocated a specific percentage through a statutory set-aside.
States receive at least 1% of total DWSRF dollars as a minimum share.	States receive at least .5% of total CWSRF dollars as a minimum share.
Between FY2017 and FY2021, annual appropriations acts have provided an average of $1.1 billion in DWSRF appropriations per fiscal year.	Between FY2017 and FY2021, annual appropriations acts have provided an average of $1.6 billion in CWSRF appropriations per fiscal year.
Use the EPA's interactive 2022 Clean Water and Drinking Water State Revolving Funds tool to see estimated funding for each state, tribe, and territory from the Infrastructure Investment and Jobs Act. More details on BIL investments in drinking water and wastewater infrastructure can be found in the Congressional Research Service report. A report by EPA in 2016 demonstrates the need to update the Clean Water SRF needs formula to distribute funds using up-to-date data.	

Table 2. EPA's Equity Action Plan

President Biden's Executive Order 13985 directed EPA and other federal agencies to identify how underserved/disadvantaged communities are systemically barred from accessing benefits and opportunities provided through agency programs and policies. Federal agencies developed Equity Action Plans in response to the executive order. EPA's Plan specifically identifies the CWSRF and DWSRF as programs that will implement the Justice40 initiative, which aims to allocate at least 40% of EPA's investments towards benefits for disadvantaged communities. The Plan says that EPA will "Ensure that funds appropriated to EPA through the Infrastructure Investment and Jobs Act, signed into law on November 15, 2021, exceed the goals of the Justice40 initiative."

How will we know if EPA is achieving this goal?
Advocates should communicate with EPA about how their states are defining DAC and affordability criteria, and how they are allocating priority points, how states and the EPA are tracking funding disbursal, and ensuring community-based organizations are funded to build their capacity to have a seat at the table when it comes to communicating about community concerns and solutions.

Track: In November 2023, EPA is required to submit a report to congressional committees of an analysis of CWA and SDWA programs to identify the historical distribution of funds to small and disadvantaged communities, along with recommendations for improved methods for distribution.

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