



## 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           |  |
| <b>\$11.7 billion</b>                                     | Drinking Water SRF general supplemental <ul style="list-style-type: none"> <li>• 49% loan forgiveness</li> <li>• 10% state match (2022–2023)</li> </ul>   | <b>\$11.7 billion</b> | Clean Water SRF general supplemental <ul style="list-style-type: none"> <li>• 49% loan forgiveness</li> <li>• 10% state match (2022–2023)</li> </ul> |
| <b>\$4 billion</b>  | Drinking Water SRF for Emerging Contaminants <ul style="list-style-type: none"> <li>• 100% loan forgiveness (25% designated for disadvantaged communities)</li> <li>• 0% state match</li> </ul> | <b>\$1 billion</b>    | Clean Water SRF for Emerging Contaminants <ul style="list-style-type: none"> <li>• 100% loan forgiveness</li> <li>• 0% state match</li> </ul>        |
| <b>\$15 billion</b>                                       | Drinking Water SRF for Lead Service Line Replacement <ul style="list-style-type: none"> <li>• 49% loan forgiveness</li> <li>• 0% state match</li> </ul>   |                       |  |

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.*