



Rural Community Assistance Partnership

Improving the Quality of Life in Rural Communities



Synopsis of U.S. EPA's Drinking Water State Revolving Loan Fund

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Drinking Water State Revolving Fund Facts

Within the United States, 54,000 community water systems providing water to about 254 million people are in need of an upgrade. Congress established the Drinking Water State Revolving Fund (DWSRF) as part of the 1996 Safe Drinking Water Act (SDWA) Amendments to provide states with a financing mechanism to ensure the public has safe drinking water. Administered by the US Environmental Protection Agency, the SWSRF provides financial resources to upgrade and replace infrastructure, bringing about improved distribution and quality of drinking water so it meets EPA quality standards.

Eligibility

States can use the DWSRF money provided by the federal government to provide assistance to public and privately owned community water systems, and non-profit non-community water systems, to improve their infrastructure, in the form of loans having zero interest rate or market level interest rate and a repayment period of up to 20 years. Emphasis is made to small and underserved communities and to prevention programs that ensure safe drinking water.

Capitalization Grant and Public Involvement

The amount of funding received by each State as a capitalization grant under the DWSRF program is based on the total eligible need determined for each State by the Drinking Water Infrastructure Needs Survey of the USEPA. Information about a State's intended programs and projects under this capitalization grant is required to be made available

to the public in the form of an Intended Use Plan, prior to receiving the annual grant from EPA.

Project Funding Priority

Projects requesting funds from the DWSRF are funded in the following priority levels:

1. Projects that address the most serious health risks to humans.
2. Projects that are necessary to meet compliance standards under the SDWA
3. Projects that assist water systems and are most in need, on a per-household basis according to State-determined affordability criteria.

Small Communities and Disadvantaged Communities

Since most public water systems serving population fewer than 10,000 are often at difficulty of finding loans are favorable interest rates, the SDWA amendments require States to provide a minimum of 15% of their DWSRF funds to small communities. The State can also provide provided upto 30% of their DWSRF funds to disadvantaged communities that find low interest rate loans under the DWSRF still unaffordable. The assistance to such communities can be given in the form of lower or negative interest rate loans, or principal forgiveness loans with an extended repayment period of 30 years.

Tribal Regions

The EPA is authorized through the SDWA Amendments in 1996 to directly set-aside up to 1.5 percent of the total DWSRF amount annually, within the Drinking Water Infrastructure Grants Tribal Set-Aside Program (DWIG TSA). The DWIG TSA program can be used to fund, either in full or in part, eligible projects that improve the infrastructure of community water systems and non-

¹ Rahul T. Vaswani compiled this case study while serving as a research assistant for the Rural Community Assistance Program. He is currently working as a program director for the Alliance to Save Energy.

profit non-community water systems that serve a tribal population. Funds may also be used to conduct project feasibility studies, engineering design work, and for project administration. All federally recognized Indian tribes can receive grants either directly to self-administer the projects or choose to have the funds be received by the Indian Health Services (IHS) if IHS is requested and agrees to manage the project. The State of Alaska is also authorized to receive grants for projects that benefit Alaskan Native Villages, if the Tribe requests the State to administer the project.

Set-Asides for Program Management Purposes

States also have the flexibility to set aside a portion of their DWSRF to develop programs focused on contamination prevention through source water protection, and improved system operation through better water systems management. In addition, States can use up to 10% of their DWSRF grant (with a 1:1 dollar State match) to set aside funds to support its own drinking water program, or to develop and implement capacity development, source water protection and operator certification programs. Up to 2% of a State's DWSRF grant can be set aside to provide technical assistance to community water systems of populations fewer than 10,000, and up to 4% can be set aside for administrative costs for the State's DWSRF program. Further, up to 15% of the DWSRF grant can be made available for local assistance and other eligible activities aimed at source water protection – including loans for land acquisition and conservation easements – capacity development and wellhead protection.

Links to more information on the DWSRF:
[All .pdf files require Adobe Acrobat reader. To download Acrobat reader click here.](#)

[Drinking Water State Revolving Fund](#)

[Questions and answers regarding the DWSRF Program](#)

[Guidelines on the Drinking Water Infrastructure Grants Tribal Set-Aside Program](#)

[State Grant Allotment for Fiscal-Year 2004](#)

[DWSRF National Information Management System](#)

[Statewide listing of DWSRF Agencies and contact information](#)

[USEPA Regional DWSRF Contact List](#)

[Local Drinking Water Information \(by State\)](#)

[Information about public participation in the DWSRF Program](#)

[Using DWSRF Set-Aside Funds to Assist Small Water Systems](#)

[Using DWSRF Set-Aside Funds for Source Water Protection](#)

[Using the DWSRF for Source Water Protection Loans](#)

[Using DWSRF Set-Aside Funds for Operator Certification](#)

[Using DWSRF Set-Aside Funds for Capacity Development](#)

[Using the DWSRF to Implement Security Measures at Public Water Systems](#)

[Using DWSRF Funds to Comply with the New Arsenic Rule](#)

[Using DWSRF Funds to Comply with the Filter Backwash Recycling Rule](#)

[Using DWSRF Funds to Comply with the Long Term 1 Enhanced Surface Water Treatment Rule](#)

[Using DWSRF Funds for Transmission and Distribution Needs](#)

[Funding Water Efficiency Through the State Revolving Fund Programs](#)

[SRF Fund Management Handbook](#)

[Link to Case Studies in DWSRF Implementation](#)

[Drinking Water Infrastructure Grant Tribal Set-Aside Program](#)

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