

Putting Drinking Water First: A White Paper Series

Clean Water Action's Putting Drinking Water First initiative is rooted in the principle that when policymakers focus on reducing impacts to drinking water at the heart of their decision-making, a wide range of environmental, public health, economic, and local community benefits follow.



The Case for Sustained and Equitable Federal Water Infrastructure Investment

Framing the Issue: Putting Drinking Water First

Access to clean, safe, and affordable drinking water is essential to public health, environmental justice, and economic stability. Yet in too many communities, aging infrastructure, pollution in source water, and rising utility costs continue to threaten that access. The federal government has played a critical role in responding to these challenges, particularly through the State Revolving Funds (SRFs). That role is now at a crossroads.

Since their inception, the SRF programs have dedicated over \$200 billion in financing support for drinking water and sanitation (municipal wastewater) services throughout the country.^{1,2} The 2021 Bipartisan Infrastructure Law (BIL) delivered a historic infusion of over \$50 billion to the SRFs. These funds provide a clear example of what is possible when investment matches the scale of need.

Unfortunately, these gains are at risk. BIL funding expires in September of 2026 with no clear replacement for the vital funds it provides. At the same time, both the White House budget proposal and appropriators' deliberations around the Fiscal Year 2026 federal budget threaten to reduce the core SRF funds dramatically as well. Without continued and expanded support, the nation risks losing momentum and leaving behind communities still in urgent need of investment. This is a pivotal moment to solidify the SRFs as the foundation of our national water infrastructure strategy, not to step back.

The **Putting Drinking Water First** Initiative is rooted in a simple idea: when we make impacts on drinking water a primary consideration in decisions around everything from manufacturing products to building our communities, as well as around implementing policy at every level, a wide range of benefits follow. In the context of the federal role in water infrastructure investment, this means investing in drinking water, municipal wastewater, and stormwater systems with an eye toward improving drinking water treatment and distribution. It also means protecting the watersheds that provide drinking water. This results in multiple public health, environmental, and economic benefits while also supporting climate resilience, healthier ecosystems, and stronger, more equitable communities.



This report examines the multiple benefits of SRF programs, how they ultimately improve drinking water, and therefore create all kinds of ancillary benefits. The report also makes the case for sustained and expanded investment in the SRFs, for complementary programs like the Water Infrastructure Finance and Innovation Act (WIFIA), and for technical assistance for small and disadvantaged communities. Clean Water Action also proposes launching a national affordability initiative to ensure that water infrastructure financing prioritizes those most burdened by water costs.

The Need for Sustained Federal Investment

Putting Drinking Water First means investing in every part of the system that protects it — from watershed to treatment plant to tap. That requires consistent, long-term federal investment in both the Clean Water and Drinking Water State Revolving Funds (CWSRF and DWSRF). Both State Revolving Fund programs are below-market rate loan programs that fund water infrastructure improvements. They are the backbone of water infrastructure financing in the United States, and their impact is clear: when SRFs are well funded, communities can protect source water, upgrade treatment systems, and deliver safe, affordable drinking water to everyone.

BIL provided a critical but temporary boost to the SRFs. That infusion helped communities launch long-overdue projects. Without continued federal investment, the country risks a backslide into aging, insufficient infrastructure and rising public health risks. If we are serious about protecting drinking water, we must sustain and build upon the progress BIL enabled.³ BIL was a much-needed boost, but only provided 5% of the national funding maintenance need. The coming funding cliff would be devastating if the funds guaranteed from BIL were to go away.⁴ On top of BIL funding ending, the U.S. House of Representatives recently proposed cutting the SRFs by nearly 20%, while President Trump's proposed budget for FY26 floated cutting the SRFs by over 50%. Banner Public Affairs recently wrote a report on what the removal of these funds would mean, state by state, and it is clear the funding cliff would be devastating to small and rural communities. The report states that the "\$664M in proposed cuts = 9,960 jobs lost and \$1.75B in lost output."⁵

The need is massive. The U.S. will require over one trillion dollars in water infrastructure investment over the next two decades.⁶ Because drinking water systems draw from the same lakes, rivers, and aquifers affected by wastewater discharges and stormwater runoff, both the CWSRF and DWSRF are essential to a drinking-water-first strategy.



Protecting Public Health at the Tap: DWSRF in Action

The 1996 amendments to the Safe Drinking Water Act established the Drinking Water State Revolving Fund (DWSRF). DWSRF investments ensure that water remains safe and accessible, all the way to the tap. BIL created a significant increase in investment for drinking water systems. Traditionally, two thirds of the DWSRF funds go to transmission and distribution, or simply repairing or installing pipes that move water from point of entry to point of use.⁷ With funding from BIL, the DWSRF was used to great effect for much more than maintenance:

In Bloomfield, New Jersey, elevated lead levels in household tap water triggered a public health response. A \$3.3 million DWSRF loan, with \$2.55 million dollars in principal forgiveness, enabled the town to begin replacing its lead service lines. As of spring 2024, 798 lines had already been removed, nearly 50% of the lines that needed to be removed. This is a direct intervention to protect children and families from the long-term neurological harm caused by lead exposure.⁸

In Merrimack Village, New Hampshire, a \$6.5 million DWSRF loan helped install treatment for four drinking water wells contaminated with PFAS. After completion, those wells tested below the United States Environmental Protection Agency's (EPA's) new PFAS health thresholds. As a result, 25,000 residents regained access to clean, safe drinking water free from these harmful forever chemicals.⁹

In Pineville, Missouri, a \$2.38 million DWSRF loan allowed the community to add new filtration and storage capacity to its drinking water system. The upgrades successfully removed naturally occurring radionuclides from the water, giving Pineville residents a reliable supply of safe water and reducing cancer risk from long-term exposure.¹⁰

Investing in Source Water Protection: CWSRF in Action

The Clean Water State Revolving Fund (CWSRF) was established by the 1987 amendments to the Clean Water Act. Historically, CWSRF investments have focused on repairing and maintaining wastewater treatment systems, keeping our rivers, lakes, and streams clean by ensuring sewage and stormwater are properly managed. Over 91% of CWSRF projects are in the centralized wastewater category.¹¹ But with the expanded funding provided by BIL, the CWSRF was able to broaden its scope. For the first time at scale, states could begin to invest in projects that protect source water, reduce pollution at its origin, and build climate resilience upstream, before contamination even reaches a treatment plant.

In Wyoming Valley, Pennsylvania, a \$12.9 million CWSRF loan helped build stormwater infrastructure across 31 municipalities. The project prevents more than one million pounds of sediment, nitrogen, and phosphorus each year from entering the region's rivers. Those rivers ultimately feed into the Chesapeake Bay, a vital drinking water source. This kind of upstream pollution prevention lowers the treatment burden for water utilities and helps protect drinking water quality at the source.¹²

In Rockville, Maryland, a \$14 million CWSRF investment restored 4,000 feet of stream in the Watts Branch, which flows into the Potomac River. The Potomac is the primary source of drinking water for more than five million people in the Washington, DC region. By stabilizing streambanks, reconnecting floodplains, and improving stormwater management, the project directly reduced pollution in a drinking water source used daily by residents and families.¹³

In Lost Bridge Village, Arkansas, a \$3.1 million CWSRF loan replaced a failing wastewater plant that discharged into Beaver Lake, the sole drinking water supply for 480,000 Arkansans. Upgrading to modern filtration and disinfection protects that source from nutrient overloads and reduces the risk of harmful algal blooms that complicate drinking water treatment.¹⁴

These projects show that CWSRF investments are drinking water investments. When we put drinking water first, we prioritize upstream interventions that reduce contaminants before they reach our systems, making water safer and more affordable to treat.

Why Sustained Investment Matters

The provided examples show what is possible when SRFs are fully funded. They also reveal what is at risk when funding is scaled back. In every case, federal investment helped communities take on projects they could not afford alone. These investments made it possible to replace aging infrastructure, treat emerging contaminants, and protect vital drinking water sources.

If federal SRF funding falls off after BIL ends, many communities will be forced to delay or cancel similar projects. Small, rural, and low-income areas will be hit hardest, as they are least able to make up the difference with local resources. That is why Clean Water Action and partners are calling for a reauthorization of the SRFs at no less than BIL levels, and ideally higher, to meet growing national needs.

When policy incentives put drinking water first, we see benefits in not just public, but also environmental stewardship, economic justice, and climate resilience. The only way to uphold that vision is through bold, sustained federal investment in the infrastructure that makes safe water possible.

Building a Resilient Water Future

Funding WIFIA

For a sustainable future in water infrastructure, we need continued, reliable, and significant investment in our water systems. This means fully funding the SRFs at the amounts guaranteed through BIL while also supporting other programs. The Water Infrastructure Finance and Innovation Act (WIFIA) is one such program. Unlike the SRF programs, WIFIA offers direct federal loans for large, nationally significant water infrastructure projects, often projects exceeding \$20 million in cost. EPA defines the WIFIA program as “long-term loans that can be combined with State Revolving Fund assistance, municipal bonds, and federal and state grants to help communities deliver more critical water infrastructure projects for a lower cost with less impact on rate payers.”¹⁵

WIFIA is in no way a replacement for the fine-tuned allotments provided by local investment authorities through the SRFs, but is also a vital resource for large-scale projects that need not go through the sometimes complicated SRF application process. Just like the SRFs, every dollar spent on WIFIA pays dividends. Each dollar appropriated to WIFIA can support approximately \$100 in project loans.¹⁶ Both increased demand for direct financing and cost savings make WIFIA a perfect complement to the SRF programs.

WIFIA's allotted appropriations was at its highest in 2022 at \$80.1 million, a nearly \$15 million increase from the year prior.¹⁷ Since then, the WIFIA program has had a slight decrease each year, with 2024 appropriations at \$72.3 million.¹⁸ This is a worrying trend for a vital program. To meet increased need for water infrastructure investment, WIFIA needs to be fully funded at a minimum of \$100 million a year. This would unlock the full potential of the program, complement the SRFs and save millions in financing costs.

The Need for Technical Assistance

Small and underserved communities often lack the staff and expertise to manage complex water infrastructure funding. That's why technical assistance is essential. BIL provided over \$50 million to support this need, and the EPA increased funding for Environmental Finance Centers (EFCs) by nearly \$150 million. These centers help communities plan, finance, and build critical water projects.¹⁹

EFCs are university- and nonprofit-based organizations that work directly with communities to make public dollars go further and ensure projects succeed. Without this support, small, rural, and disadvantaged communities risk being left behind.

To keep water investments fair and effective, funding for technical assistance must not fall below these levels. Technical assistance provides the hands-on help communities need to finance water projects that will benefit their residents.

Clean Water Action's 2023 report *Equitable and Effective Water Infrastructure Spending: Increasing Transparency and Accessibility in State Revolving Funds* highlights the need for ongoing investment in technical assistance.²⁰ Drawing attention to the barriers that applicants may come across when trying to procure funding, this continued need makes it clear: to build a more equitable and sustainable water future, EFCs funding should remain at or above the \$150 million in conjunction with the \$50 million in technical assistance that was provided by BIL.

An “All of the Above” Investment Strategy

To protect public health, secure drinking water quality, and strengthen our communities' climate resilience, we must invest in every part of the water system, from the source all the way to the tap. That starts with a federal strategy as comprehensive as the challenges we face:

- Fully capitalize the SRFs at or above BIL levels. These programs are central to funding lead line replacements, PFAS treatment, and watershed protection.
- Expand WIFIA appropriations to at least \$100 million annually. The program amplifies public dollars, making loans more accessible and affordable for large and complex projects.
- Maintain and increase technical assistance funding to help small, rural, and disadvantaged communities prepare project applications, strengthen capacity, and secure financing.
- Preserve and grow direct federal grant programs, particularly those that support underserved and frontline communities where affordability and technical capacity gaps are most acute.

No single funding source can meet the scale of need. We need all of these mechanisms working together: SRFs, WIFIA, technical assistance, and grants. This unified approach helps to ensure that federal investment reaches every community and delivers real improvements in water quality, equity, and resilience.

Affordability at the Forefront

Federal investment in water infrastructure is essential to making water service more affordable and more equitable. BIL created historic opportunities for communities to address long-overdue infrastructure needs without shifting the burden onto ratepayers. But those gains will be short-lived if BIL funding ends without a sustained federal replacement.

Continued investment in the SRFs, along with expanded support for WIFIA and direct grant programs, allows utilities to plan long-term improvements while maintaining stable and affordable rates.²¹ For many communities — especially those that are low-income, rural, or overburdened by past disinvestment — this financial stability is the difference between progress and inaction.

SRF funding helps reduce the need for steep rate increases that too often push residents out of their neighborhoods or force impossible trade-offs between paying for water or other basic needs. When done right, water infrastructure investment supports health, climate resilience, and affordability at the same time.

Stabilizing water rates through sustained federal funding is a necessary step toward a future where every community can access safe, reliable water without financial hardship.

Toward a National Water Affordability Initiative

BIL set a new standard for water affordability by directing 49% of SRF funding to disadvantaged communities. This commitment helped ensure that water investments reached the places most in need. That approach must not only continue, but should serve as the foundation for a stronger national affordability initiative.

Principal forgiveness for frontline communities must remain central, prioritizing public health over repayment and helping communities move critical projects forward. To build on this model, EPA should require states to include affordability impact statements in their Intended Use Plans (IUPs). This would provide transparency and accountability around how states address affordability through their annual SRF spending.

EPA can also lead by partnering with the U.S. Department of Housing & Urban Development (HUD) and the U.S. Department of Health and Human Services (HHS) to develop a national utility affordability dashboard. This tool would track key metrics, such as household rate burden, shutoff protections, and the distribution of grants and loans by income level. Doing so would create a clearer picture of who benefits from public water investments and where equity gaps remain. EPA has already mapped SRF projects since 2021 through their SRF Project Map. Adding these extra criteria would take that information even further and assist states in making the best decisions for what projects to prioritize.²²

Finally, any affordability strategy must continue and expand the targeted programs that BIL launched. Dedicated funding for lead service line replacement, PFAS removal, and climate resilience upgrades in flood- and drought-prone communities should remain cornerstones of federal water policy. With these supplemental funds, the benefits of clean drinking water can be felt by everyone.

Recommendations

To sustain progress and expand the impact of SRFs and related federal programs, policymakers and agencies should:

1. Sustain and Expand SRF Investment

- Reauthorize and appropriate the Clean Water and Drinking Water SRFs at no less than the levels provided by the Bipartisan Infrastructure Law.
- Prioritize disadvantaged and frontline communities by continuing the requirement that 49% of funding be distributed as grants or principal forgiveness loans.
- Maintain and increase set-asides for lead service line removal, PFAS treatment, and source water protection.

2. Fully Fund WIFIA

- Appropriate at least \$100 million annually to the WIFIA program to unlock large-scale, cost-effective infrastructure financing.
- Ensure WIFIA complements, not replaces, SRFs by directing it toward nationally significant projects.

3. Invest in Technical Assistance

- Maintain funding of at least \$150 million annually to support technical assistance through Environmental Finance Centers and similar programs.
- Provide resources that help small, rural, and disadvantaged communities plan, apply for, and manage infrastructure projects.

4. Advance a National Water Affordability Initiative

- Require states to include affordability impact statements in their SRF Intended Use Plans.
- EPA should partner with HUD and HHS to develop a Water Affordability Dashboard that tracks utility burdens, shutoff policies, and investment equity.
- Expand principal forgiveness and grant programs, especially for communities with high water burdens or climate vulnerability.

Conclusion

This is a pivotal moment for water infrastructure in the United States. The Bipartisan Infrastructure Law proved what is possible when the federal government treats clean water like the essential service it is. But temporary investment is not enough. Without continued, sustained federal funding and policy reforms that prioritize affordability, transparency, and equity, the gains of recent years risk being undone.

Putting Drinking Water First means making it the foundation of every infrastructure decision, protecting it at the source, ensuring it is safe at the tap, and keeping it affordable for every household. Federal, state, and local leaders must act boldly to make that vision a permanent reality. The SRFs, WIFIA, and technical assistance programs offer powerful tools. Now is the time to use them. Every dollar we invest in clean water today is a down payment on a safer, more resilient tomorrow.



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