



**AMERICAN
RIVERS**
Life Depends on RiversSM

CLEAN WATER FINANCING FOR HEALTHY RIVERS AND COMMUNITIES



BY THE NUMBERS

Since passage of the
Infrastructure Investment
and Jobs Act (2022 and 2023)

2,264

Number of clean
water projects
supported

\$18.6 billion

Amount of financial
assistance provided
for clean water
projects in all 50
states and Puerto Rico

28.6%

Percent of total
assistance provided
to state-defined
Disadvantaged
Communities

1.2%

Percent provided for
nature-based projects,
such as green
infrastructure and
stream and floodplain
restoration

Clean water is essential for every aspect of our lives. However, the local governments that are responsible for managing pollution and keeping rivers and tap water clean often simply do not have the resources needed to complete the work.

To help communities raise needed funds, in the 1980s the federal government established a system of public loans, called the Clean Water State Revolving Fund (or the CWSRF for short), which continues to be a primary source of capital for reducing the pollution associated with wastewater and storm runoff. With the passage of 2021's Infrastructure Investment and Jobs Act, the CWSRF received a big influx of cash for new loans.

Yet, many people still lack basic water service, and over half of U.S. rivers and lakes are too polluted for fishing, swimming, or drinking. The good news is that by freeing up more money and eliminating logjams, we can improve access to clean water and healthy rivers for all of us.

RECOMMENDATIONS: FEDERAL LEVEL

The CWSRF was established as part of a package of amendments meant to help implement the federal Clean Water Act. It depends on federal appropriations and is administered by the EPA. Below are several key recommendations for improving how the CWSRF supports healthy rivers and communities.

INCREASE FUNDING LEVELS FOR CLEAN WATER: According to a 2024 report by the EPA, the country will need to spend more than \$630 billion over the next 20 years to meet the goals of the Clean Water Act. The CWSRF is not authorized to support this level of investment, nor is it currently funded at the authorized amount. Significant increases in overall funding, as well as an increase in the percentage dedicated to green projects, will be needed to meet the goals of the Clean Water Act and ensure safe, healthy rivers for all.

REEVALUATE THE EARMARKS PROCESS: Since 2022, Congress has diverted \$3.73 billion in federal funding from the SRFs to pay for congressional earmarks. A separate authorization could be useful to address those priority projects while ensuring that the base SRF funds can continue to flow equitably using a predictable and fair process.

PRIORITIZE GRANTS FOR STORMWATER AND SEWER OVERFLOWS: Storms are growing more frequent and intense, and the resulting runoff from paved surfaces is increasingly harmful to rivers — because of direct pollution or, in places with aging sewers, because it mixes with sewage and overflows. The Sewer Overflow and Stormwater Reuse Municipal Grant Program was designed to address these issues and has a track record of success, however the funding levels are small relative to the need. Additional funding for this grant program could help communities be more resilient to extreme weather and improve river health and safety.

PRIORITIZE NATURE-BASED INFRASTRUCTURE: The Green Project Reserve has been previously authorized at 15 percent of total CWSRF appropriations. Maintaining or increasing this percentage can help communities be more resilient to extreme heat and storms. Additionally, increased coordination between the EPA and state CWSRF administrators may be helpful to increase the overall percentage of nature-based awards. The Green Project Reserve is an established mechanism that dedicates a portion of total CWSRF appropriations to “green” projects, including nature-based infrastructure, as well as energy efficiency and water conservation.

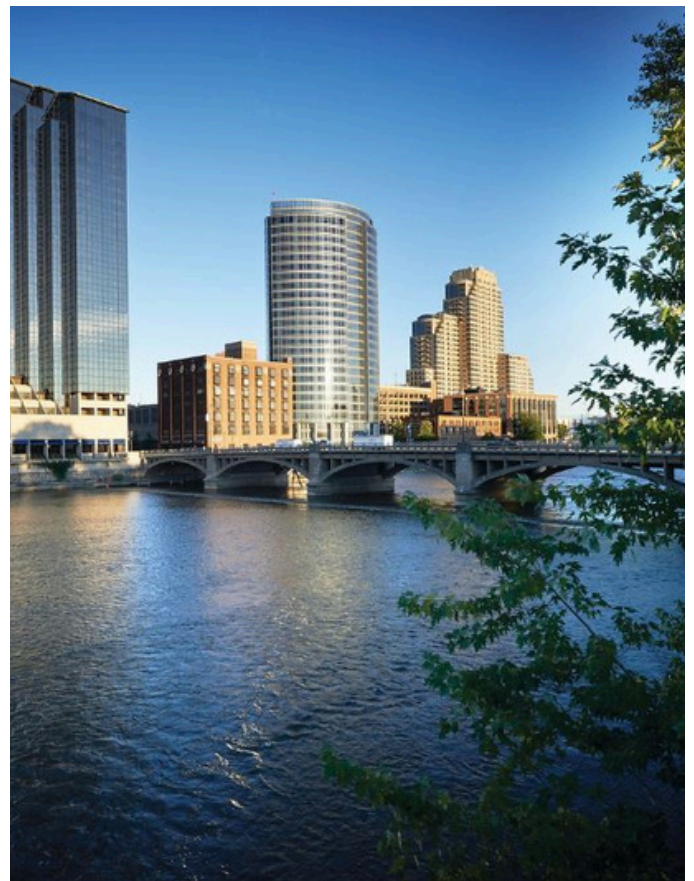
ENSURE AFFORDABLE WATER SERVICE: Cleaning up rivers is expensive, and it’s important that the costs are not passed on to the water-utility customers or renters who are least able to pay for it. For that reason, SRF loan programs are most useful when paired with grants, as well as water bill assistance programs (for example, the Low-Income Household Water Assistance Program, or LIHWAP). This

can help ensure access to basic water service and clean and safe rivers — for everyone.

IMPROVE TRANSPARENCY AND OUTREACH: A consistent set of guidelines would be helpful for ensuring CWSRF transparency across all states. For example, standard transparency measures might include: making all Intended Use Plans, application materials, and project-award information available online; ensuring adequate opportunity for public comment; conducting proactive outreach and education for small utilities, community organizations, and other first-time applicants; and ensuring that applicants show robust public engagement in the development of project concepts.

RECOMMENDATIONS: STATE LEVEL

The CWSRF provides annual capitalization grants to states, which each administer the application process and make awards according to state-specific policies and priorities. States have a great deal of freedom in how they structure these awards, including the application process, award criteria, outreach, and much more. Below are recommendations for how CWSRF support for healthy rivers and communities can be improved at the state level.



GRAND RIVER, GRAND RAPIDS, MICHIGAN. EXPERIENCE GRAND RAPIDS

IMPROVE TRANSPARENCY AND OUTREACH:

More proactive outreach is needed, across government and nonprofit organizations to raise awareness and help communities identify beneficial projects and address clean water needs. For example, states may choose to establish a public engagement program to ensure that communities are aware of and able to engage in public comment opportunities, with sufficient time to engage and respond. This may involve adding staff such as circuit riders to facilitate outreach, and maintaining website information that is clear and easy to navigate. In addition, state administrators may choose to require that applicants show robust public engagement in the development of project concepts before the loan can be awarded.

WORK WITH APPLICANTS TO MEASURE

PROJECT BENEFITS: Simple metrics could be captured as part of the CWSRF application process that would allow for better understanding of which communities will benefit from projects and in what way. Most states direct investments toward projects that focus on reducing specific types of pollution, such as nutrients or bacteria, but projects may also have many secondary benefits such as flood reduction, shade and air quality improvements, or job creation. Asking applicants to document which census tracts will benefit from a potential project is a simple way to connect projects with neighborhood-scale benefits.

UPDATE COMMUNITY DEFINITIONS: Some CWSRF funding can be made available as

forgiveable loans to assist communities that qualify as “disadvantaged” according to criteria that are established independently by each state. Historically, states have relied heavily on Median Household Income to define a community’s disadvantaged status. This is an incomplete approach. Updating disadvantaged community criteria in each state based on the varied factors that affect communities’ access to clean, affordable water service and rivers can help to improve outcomes for those most in need. In addition, considering affordability of water service and other benefits at the census tract level rather than generalized across communities can paint a clearer picture of need and direct forgiveable loans to where they will be most useful.

ESTABLISH RETURN FUND SET-ASIDES:

Communities most impacted by the effects of water pollution should be first in line for subsidy supported by return funds. The smallest rural communities have historically had trouble taking on the burden of large infrastructure investments, even at reduced interest rates. At the same time, within larger, economically diverse communities, there are often serious environmental hazards, such as leaking or overflowing sewer pipes, that can be difficult to pay for in a way that doesn’t burden the most vulnerable. In both situations, grant funding can be extremely valuable. Local communities should be engaged in determining where grant dollars are most needed.

CHRISTINA RIVER, WILMINGTON, DELAWARE



INCREASE SUPPORT FOR NATURE-BASED

PROJECTS: There are many creative ways CWSRF administrators can support the development of nature-based projects, which can have significant benefits for communities. The Green Project Reserve directs states to support nature-based projects in addition to those that provide water and energy conservation benefits. However, such projects have received significantly less support than other Green Project Reserve categories. Nature-based projects face unique challenges, including longer lead times for conceptual design, difficulties in establishing a loan repayment stream, and needs for up-front investment in plant establishment. To ease these challenges, state CWSRF administrators may choose to

modify application processes, support applicants who face lifecycle funding challenges, and establish incentives for nature-based projects.

INCREASE SUPPORT FOR PLANNING AND

DESIGN: Developing a detailed project plan is one of the biggest barriers communities face in accessing CWSRF dollars. Many states require a full set of design plans before an application can be submitted. This expense can be prohibitive, especially if the likelihood of getting the loan is not well understood. Funding for this planning phase, in addition to educating potential applicants about other sources of planning funds, can be critical to move nature-based projects from concept towards design, funding, and implementation.

ADDITIONAL READING

[Building Blocks of Trust: Creating Authentic and Equitable Relationships Between Community Organizations and Water Utilities](#)

(River Network & WaterNow Alliance)

[Equitable and Effective Water Infrastructure Spending](#)

(Clean Water Action)

[Following the Money: How Dollars Flow From Federal Appropriations Through State Revolving Fund Programs to Support Local Water Infrastructure Projects](#)

(Environmental Policy and Innovation Center)

[SRF Advocacy Toolkit](#)

(River Network)

[Using Clean Water State Revolving Funds for Greening and Climate Resilience: A Guide for Local Governments](#)

(American Rivers)



American Rivers is championing a national effort to protect and restore all rivers, from remote mountain streams to urban waterways. Healthy rivers provide people and nature with clean, abundant water and natural habitat. For 50 years, American Rivers staff, supporters, and partners have shared a common belief: Life Depends on Rivers. www.AmericanRivers.org