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U.S. Environmental Protection Agency (EPA) Water Infrastructure Programs and FY2024 Appropriations

Many policymakers and stakeholders have raised concerns about the condition of the nation’s local drinking water and wastewater infrastructure and the financial challenges that communities may confront in maintaining, repairing, or replacing aging infrastructure. In 2016, the U.S. Environmental Protection Agency (EPA) estimated that wastewater and stormwater infrastructure would need \$271 billion over the next 20 years to meet federal water quality objectives. In 2023, EPA estimated that drinking water systems need to invest \$625 billion (in 2021 dollars) over 20 years to ensure the provision of safe drinking water.

FY2024 Appropriations

The Consolidated Appropriations Act, 2024 (P.L. 118-42), Division E, Title II, provides regular appropriations for EPA for multiple water infrastructure programs, including the Clean Water State Revolving Fund (CWSRF) and the Drinking Water SRF (DWSRF). Appropriations for the SRFs and other water infrastructure programs are provided within the State and Tribal Assistance Grants (STAG)

account. A separate account funds a federal credit assistance program under the Water Infrastructure Finance and Innovation Act (WIFIA). As presented in **Table 1**, Division E provides approximately \$3.04 billion in regular appropriations for these programs, 0.8% less than the total regular FY2023 enacted level (P.L. 117-328). FY2024 SRF appropriations remained the same as in FY2023, though other grant programs and the WIFIA program received less in FY2024 than in FY2023. The Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) provides emergency supplemental appropriations for the SRFs and one drinking water grant program for FY2022-FY2026.

State Revolving Fund Programs

The Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA) authorize complementary programs to help publicly owned treatment works and public water systems finance improvements needed for compliance and other statutory purposes.

Table 1. EPA Water Infrastructure: Enacted Appropriations for FY2023 and FY2024

(dollars in millions, not adjusted for inflation)

Program	FY2023	FY2023	FY2024	FY2024
	IIJA	Division G P.L. 117-328	IIJA	Division E P.L. 118-42
State and Tribal Assistance Grants (STAG) Account				
Clean Water State Revolving Fund (CWSRF)	\$2,202.0	\$775.8	\$2,403.0	\$851.2
<i>Grants for Emerging Contaminant Projects</i>	\$225.0	—	\$225.0	—
<i>Community Project Funding/Congressionally Directed Spending (CPF/CDS)</i>	—	\$863.1	—	\$787.7
Drinking Water State Revolving Fund (DWSRF)	\$2,202.0	\$516.9	\$2,403.0	\$494.4
<i>Lead Service Line Replacement Projects</i>	\$3,000.0	—	\$3,000.0	—
<i>Grants for Emerging Contaminant Projects</i>	\$800.0	—	\$800.0	—
<i>CPF/CDS</i>	—	\$609.3	—	\$631.7
Grants for U.S.-Mexico Border Projects	—	\$36.4	—	\$35.0
Grants for Rural and Alaska Native Villages	—	\$39.7	—	\$39.0
Grants for Testing School Water for Lead	—	\$30.5	—	\$28.0
Grants for Reducing Lead in Drinking Water	—	\$25.0	—	\$22.0
Grants for Small and Disadvantaged Communities	\$1,000.0	\$30.2	\$1,000.0	\$28.5
Grants for Small Water System Resilience and Sustainability	—	\$7.0	—	\$6.5
Grants for Midsize to Large Water System Resilience and Sustainability	—	\$5.0	—	\$2.3
Grants for Indian Reservation Drinking Water	—	\$4.0	—	\$4.0
Grants for Sewer Overflow and Stormwater	—	\$50.0	—	\$41.0
Water Infrastructure Finance and Innovation Act (WIFIA) Account	—	\$75.6	—	\$72.3
Total	\$9,429.0	\$3,068.5	\$9,831.0	\$3,043.6

Sources: CRS using appropriation values from P.L. 117-328, the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58), and P.L. 118-42. P.L. 117-58 provides supplemental and advanced appropriations for certain activities for FY2022-FY2026.

The CWSRF provides financial assistance for infrastructure projects to publicly owned treatment works and other eligible recipients (33 U.S.C. §§1381-1387). The DWSRF provides assistance to public water systems, which may be publicly or privately owned (42 U.S.C. §300j-12). In both SRF programs, EPA makes grants to states to capitalize a state revolving loan fund. Each state must match 20% of its annual capitalization grant. States are authorized to use the CWSRF or the DWSRF primarily to provide subsidized loans to eligible recipients. CWSRF financial assistance is available generally for purposes defined in CWA Section 603, which include wastewater/stormwater infrastructure projects. DWSRF financial assistance is available for statutorily specified expenditures and those that EPA “has determined, through guidance, will facilitate” SDWA compliance or further the act’s health protection objectives.

P.L. 118-42 includes “community project funding/congressionally directed spending” (CPF/CDS) items, which some call *earmarks*. The act sets aside 48% (\$787.7 million) of the FY2024 CWSRF appropriation to CPF/CDS and 56% (\$631.7 million) of the FY2024 DWSRF appropriation for CPF/CDS. Such funds are to be distributed directly to recipients, instead of to states’ SRF programs. Thus, the reservation of funds effectively decreases the total amount available for allotment as state capitalization grants. Compared to FY2023, P.L. 118-42 set aside a higher percentage of the DWSRF appropriations and a lower percentage of CWSRF appropriations for CPF/CDS. After IIJA is considered, the combined SRF appropriations are higher in FY2024 than in FY2023.

P.L. 118-42 authorizes EPA to set aside \$13.3 million from FY2024 SRF appropriations to administer FY2022 and FY2023 CPF/CDS. EPA cannot obligate these funds without written confirmation by the House and Senate Committees on Appropriations. To gain this confirmation, EPA is directed to brief the committees within 45 days (i.e., by April 23, 2024) and provide a report within 90 days (i.e., by June 7, 2024). In the briefing and report, EPA is required to identify ways (other than increased staffing) that would improve EPA’s timeliness and efficacy of CPF/CDS administration. In addition, EPA is required to provide a legislative structure to allow for state administration of CPF/CDS projects.

Water Infrastructure Finance and Innovation Act

Congress established the WIFIA program in the Water Resources Reform and Development Act of 2014 (P.L. 113-121, 33 U.S.C. §§3901-3914). WIFIA authorizes EPA and the U.S. Army Corps of Engineers to provide credit assistance—secured loans or loan guarantees—for a range of water infrastructure projects. EPA provides WIFIA loans directly to eligible recipients. WIFIA appropriations primarily cover long-term credit subsidy costs, which would cover the federal government’s risk that the loan may not be repaid. EPA estimates that the average subsidy cost for WIFIA projects will be comparatively low. Thus, relative to its budget authority, WIFIA allows for a larger amount of total assistance. For example, EPA estimates that the FY2023 budget authority for WIFIA subsidy costs would be \$63.0 million of the \$75.6 million for the program and will allow EPA to lend roughly \$6.5 billion.

Grants for Testing School Water for Lead

SDWA Section 1464(d) requires EPA to establish a voluntary program for testing for lead in drinking water at schools and child care programs under the jurisdiction of local education agencies. IIJA expanded the program’s eligibilities, and P.L. 118-42 provides \$28.0 million in FY2024 for the program.

Grants for Reducing Lead in Drinking Water

SDWA Section 1459B directs EPA to establish a grant program for projects and activities that reduce lead in drinking water. Grants can provide assistance to low-income homeowners to replace lead service lines. IIJA expands eligibilities, and P.L. 118-42 provides \$22.0 million in FY2024 for the program.

Grants for Small and Disadvantaged Communities

SDWA Section 1459A directs EPA to establish a grant program to assist disadvantaged communities and small communities that are unable to finance projects needed to comply with SDWA. P.L. 118-42 provides \$28.5 million for FY2024. IIJA provides \$1.0 billion for this program dedicated to emerging contaminants projects for FY2024.

Grants for Drinking Water System Resilience

SDWA Section 1459A(l) directs EPA to establish a grant program to assist small and disadvantaged public water systems to improve natural hazard resilience. P.L. 118-42 provides \$6.5 million for FY2024. IIJA amended SDWA to add a parallel program for water systems serving 10,000 people or more. P.L. 118-42 provides the program’s second appropriation of \$2.3 million.

Grants for Indian Reservation Drinking Water

America’s Water Infrastructure Act of 2018 (AWIA; P.L. 115-270), Section 2001, established a grant program for water systems that serve Indian tribes in specified river basins. IIJA expanded the program to more river basins and project types. P.L. 118-42 provides the program’s second appropriation of \$4.0 million.

Grants for Sewer Overflow and Stormwater

The Consolidated Appropriations Act, 2001 (P.L. 106-554), added Section 221 to the CWA, authorizing EPA to establish a grant program to address sewer overflows. AWIA expanded the program to include stormwater. P.L. 118-42 provides \$41.0 million for FY2024.

Other Wastewater/Drinking Water Grant Programs

P.L. 118-42 provides appropriations for other wastewater and drinking water grant programs that do not directly support construction activities. These programs support a variety of activities, including technical assistance for small drinking water/wastewater systems, development of “innovative” technology for drinking water or stormwater control, development of the water sector workforce, and research on enhanced aquifer recharge and use.

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