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# U.S. Environmental Protection Agency (EPA) Water Infrastructure Programs and FY2023 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 2018, EPA estimated that public water systems need to invest \$473 billion in infrastructure over 20 years to ensure the provision of safe drinking water.

## FY2023 Appropriations

The Consolidated Appropriations Act, 2023 (P.L. 117-328), Division G, Title II, contains regular appropriations for EPA for multiple water infrastructure programs, including the Clean Water State Revolving Fund (CWSRF) and the Drinking Water SRF (DWSRF). The act provides appropriations for some new grant programs authorized in

the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58). Appropriations for the SRFs and other water infrastructure programs are provided within the State and Tribal Assistance Grant (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 G provides \$3.07 billion in regular appropriations for these water infrastructure programs, 1.25% more than the total regular FY2022 enacted level (P.L. 117-103). Division J of IIJA included emergency supplemental appropriations for the SRFs and one drinking water grant program for FY2022-FY2026. For FY2023, IIJA provides \$9.3 billion for such programs. Division N of P.L. 117-328 provides supplemental appropriations for certain locations through the SRFs and a drinking water grant program; these location-limited funds are not shown in Table 1 or discussed further herein.

**Table 1. EPA Water Infrastructure: Enacted Appropriations for FY2022 and FY2023**  
dollars in millions, not adjusted for inflation

Program	FY2022 IIJA	FY2022 P.L. 117-103	FY2023 IIJA	FY2023 Division G P.L. 117-328
<b>State and Tribal Assistance Grants (STAG) Account</b>				
CWSRF	\$1,902.0	\$1,195.2	\$2,202.0	\$775.8
<i>Grants for Emerging Contaminant Projects</i>	\$100.0	—	\$100.0	—
<i>Community Project Funding/Congressionally Directed Spending (CPF/CDS)</i>	—	\$443.6	—	\$863.1
DWSRF	\$1,902.0	\$728.3	\$2,202.0	\$516.9
<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>	—	\$397.8	—	\$609.3
<i>Grants for U.S.-Mexico Border Projects</i>	—	\$32.0	—	\$36.4
<i>Grants for Rural and Alaska Native Villages</i>	—	\$39.2	—	\$39.7
<i>Grants for Testing School Water for Lead</i>	—	\$27.5	—	\$30.5
<i>Grants for Reducing Lead in Drinking Water</i>	—	\$22.0	—	\$25.0
<i>Grants for Small and Disadvantaged Communities</i>	\$1,000.0	\$27.2	\$1,000.0	\$30.2
<i>Grants for Small Water System Resilience and Sustainability</i>	—	\$5.0	—	\$7.0
<i>Grants for Midsize to Large Water System Resilience and Sustainability</i>	—	—	—	\$5.0
<i>Grants for Indian Reservation Drinking Water</i>	—	—	—	\$4.0
<i>Grants for Sewer Overflow and Stormwater</i>	—	\$43.0	—	\$50.0
<b>Water Infrastructure Finance and Innovation Act (WIFIA) Account</b>	—	\$69.5	—	\$75.6
<b>Total</b>	<b>\$8,704.0</b>	<b>\$3,030.3</b>	<b>\$9,304.0</b>	<b>\$3,068.3</b>

**Source:** CRS using from Consolidated Appropriations Act, 2022 (P.L. 117-103); P.L. 117-58; and P.L. 117-328. P.L. 117-58 provides supplemental appropriations for certain activities for FY2022-FY2026. Supplemental appropriations in Division N of P.L. 117-328 are not shown, as they are for certain locations.

### 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. 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 and 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 significantly further the act’s health protection objectives.

P.L. 117-328 includes “community project funding/congressionally directed spending” (CPF/CDS) items, which some call earmarks. The act sets aside 53% (\$863.1 million) of the FY2023 CWSRF appropriation to CPF/CDS and 54% (\$609.3 million) of the FY2023 DWSRF appropriation to 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 FY2022 appropriations, P.L. 117-328 set aside a higher percentage of the SRF appropriations for CPF/CDS. Accordingly, even with the IIJA SRF appropriations, all states are to receive a lower capitalization grant amount in FY2023 than in FY2022.

### 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 (USACE) to provide credit assistance—secured loans or loan guarantees—for a range of water infrastructure projects. (For information on USACE implementation, see CRS Insight IN12021, *Corps Water Infrastructure Financing Program (CWIFP)*). Under WIFIA, EPA provides loans directly to eligible recipients. WIFIA appropriations primarily cover long-term credit subsidy costs, which is the federal government’s risk that the loan may not be paid. EPA estimates that the average subsidy cost for WIFIA projects will be comparatively low. Thus, relative to its budget authority, WIFIA appropriations allow for a larger amount of total assistance. For example, EPA estimates that the FY2022 budget authority for subsidy costs (i.e., \$63.5 million of the \$69.5 million for the program) will allow EPA to loan 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. 117-328 provides \$30.5 million in FY2023 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. 117-328 provides \$25.0 million in FY2023 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. 117-328 provides \$30.2 million for FY2023. IIJA provides funding for this grant program for projects to address emerging contaminants of \$1.0 billion for FY2023.

### 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. 117-328 provides \$7.0 million for FY2023. IIJA amended SDWA to add a parallel resilience grant program for water systems serving 10,000 people or more. P.L. 117-328 provides the program’s first appropriation of \$5.0 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. 117-328 provides the program’s first appropriation of \$4.0 million.

### Sewer Overflow and Stormwater Grant Program

In 2000, the Consolidated Appropriations Act, 2001 (P.L. 106-554), amended the CWA by adding Section 221, authorizing EPA to establish a grant program to address sewer overflows. AWIA modified the program to include stormwater infrastructure. P.L. 117-328 provides \$50.0 million for FY2023.

### Other Wastewater/Drinking Water Grant Programs

P.L. 117-328 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. P.L. 117-328 provides first-time appropriations for certain IIJA grant programs for stormwater control technology centers of excellence and enhanced aquifer use and recharge research.

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