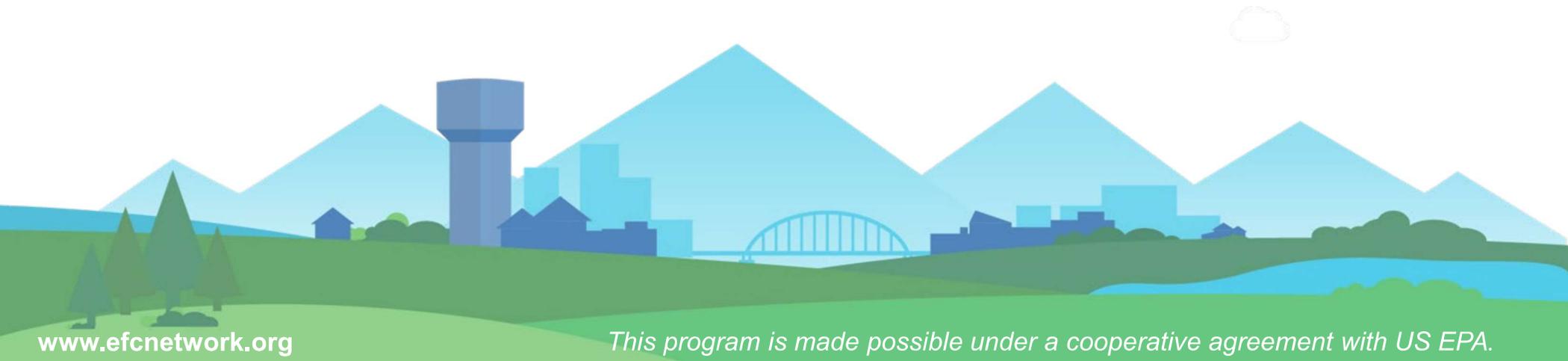




Ask Me Anything: What are the SRFs?

January 7, 2026



www.efcnetwork.org

This program is made possible under a cooperative agreement with US EPA.

About Us

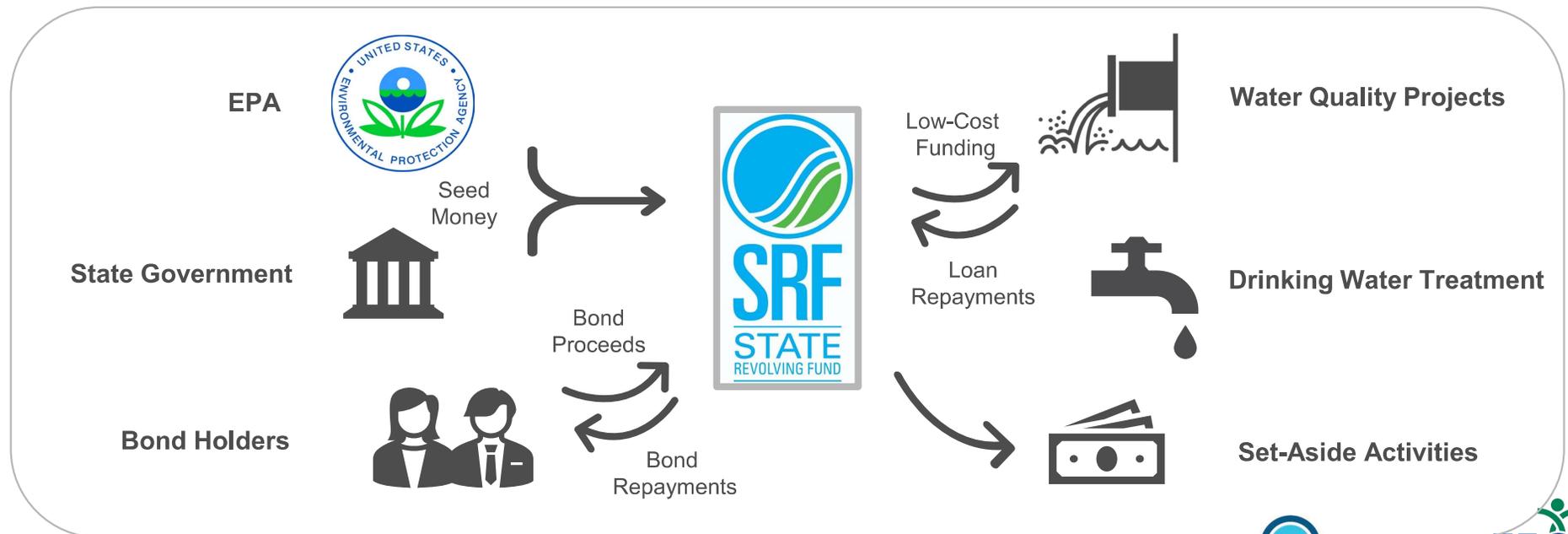
The **Environmental Finance Center Network (EFCN)** is a university- and non-profit-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and water infrastructure.

The EFCN works collectively and as individual centers to address these issues across the entire U.S, including the 5 territories and the Navajo Nation. The EFCN aims to assist public and private sectors through training, direct professional assistance, production of durable resources, and innovative policy ideas.



What are the SRFs?

- Low interest revolving loan program with subsidies for targeted projects and communities
- Money comes from EPA/Federal Government, state match, loan repayments, interest, bond proceeds



SRF State Logo source: Iowa's State Revolving Fund



Cycle of SRF Dollars

Allotment (rapid)

EPA divides appropriated dollars among the state programs according to the allocation formula. Each state's allotment is available for two years.



Appropriation (up to 1 year)

Congress commits an annual dollar amount to the SRF programs through the annual budgeting cycle or a continuing resolution.



Grant Award

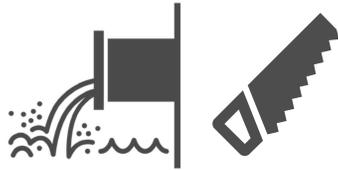
(during fiscal year of allotment or next)
Each state applies for its allotment, and EPA regions award the grants to the states.

Loan Application

(during State's IUP cycle)
Borrowers submit individual loan applications to the SRFs.



Cycle of SRF Dollars



Borrower Incurs Costs
Project construction begins and contractor submits invoices to the borrower.

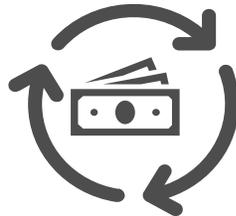


Borrower Sends Reimbursement Requests to SRF
(periodically as construction proceeds)

SRF Reimburses Borrower
The SRF program makes payments to the borrower to pay invoices as they are submitted.



Borrower Repays the SRF (up to 40 years)
After construction is complete, the borrower begins to repay the loan to the SRF program. Repayment dollars are returned to the SRF and are loaned out to new projects.



How many SRF Programs are there?



51 Clean Water State Revolving Funds

+ 51 Drinking Water State Revolving Funds

102 State Revolving Funds

Darker blue on the map represents more SRF dollars used

SRF Laws

1987

Clean Water Act
Amendments created the
Clean Water State Revolving
Fund



1996

Amendments to Safe
Drinking Water Act created
Drinking Water State
Revolving Fund



SRF Laws and Regulations

- Federal Water Pollution Control Act (FWPCA aka Clean Water Act/CWA) 
- Water Resources Reform and Development Act of 2014 (WRRDA) 
- Water Infrastructure Improvements for the Nation Act of 2016 (WIIN) 
- America's Water Infrastructure Act of 2018 (AWIA) 
- Infrastructure Investment and Jobs Act of 2021 (IIJA aka Bipartisan Infrastructure Law/BIL) 
- Inflation Reduction Act of 2022 (IRA) 
- Non-SRF Federal Laws 
- Code of Federal Regulations (CFR) 
- United States Code (U.S.C.) 
- EPA Policy and Grant Conditions



How are Allocations Decided?

Allotment

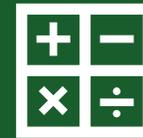
EPA uses formulas (established law) to distribute funds appropriated by Congress among the 102 SRF state programs

DWSRF



Needs Survey (every 4 years)

CWSRF



Allotment formula in the Clean Water Act

Additional Subsidy requirements are also determined annually

State Match

Fun Fact: SRF
loans do not
require a match!

State match requirements	General	BIL Supplemental	BIL Emerging Contaminants	BIL Lead
CWSRF	20%	10% FY22-FY23 20% FY24+	0%	n/a
DWSRF	20%	10% FY22-FY23 20% FY24+	0%	0%

Note: State match and “match” for projects are not the same thing.

What is EPA's responsibility

- Grant Award
- Oversight
 - Annual Review & Transaction Testing
 - Annual Report & Intended Use Plan Review
 - Annual Audit
- Support
 - Workshops, Fact Sheets, Tools
 - Eligibility and compliance questions



What flexibility do States Have?

- Choose their own priorities and select projects
- To design and manage the application process
- To transfer funds between DW and CWSRF programs
- Set interest rates and terms
- Define disadvantaged and affordability criteria, consistent with CWA and SDWA
- Determine the amount of “free money” given to each recipient

Loan Rate and Term

- Terms
 - 20- historic max; many states still limit to this lower term
 - 30- base; many states still have this limit
 - 40- DW DACs
- Rate
 - Must be at or below market rate
 - Fees- not required but typical
- Loan term cannot exceed expected useful life of assets funded; may be weighed and averaged



CWSRF Loans

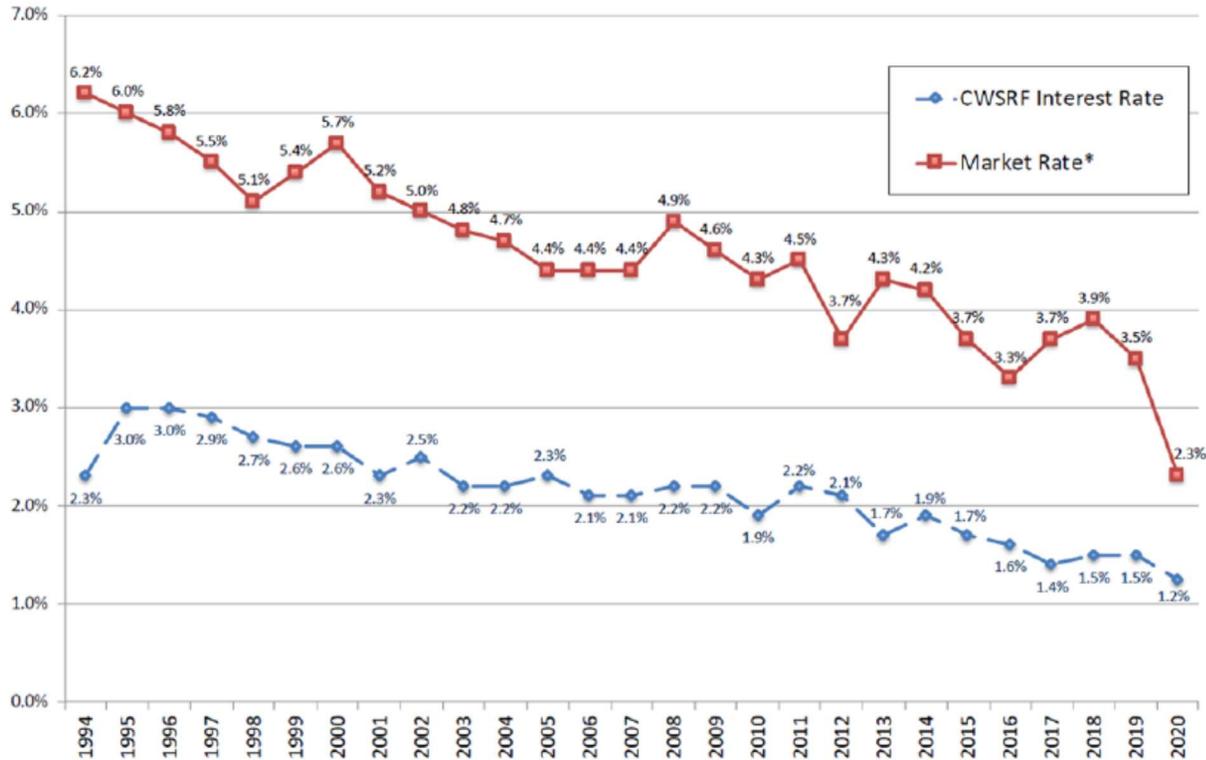
- 30 years
- Or Useful Life (whichever is less)

DWSRF Loans

- 40 years for Disadvantaged
- 30 years for Non-Disadvantaged
- Or Useful Life (whichever is less)

Interest...ing

SRF Interest Rates vs. Market Rates



Typical SRF interest rates have been about half the market rate
*Market rate as measured by the Bond Buyer 20-Bond GO Index.

Fees

NOTE: If the fee is part of the interest rate: Fee rate + Interest Rate MUST BE less than Market Rate



Fees are Named Differently:

- Annual servicing fee
- Application fee
- Loan Origination fee
- Processing fee
- Administrative fee

And Assessed Differently:

- One-time fee
- Amortized with repayment
- % of outstanding balance
- Fixed amount

And Paid Differently:

- Financed (SRF loans money to the borrower that the borrower uses to pay the fee)
- Paid out of pocket by the borrower

Affordability/Disadvantaged Criteria

CWSRF

- The FWPCA section 603(i)(2)(A) requires that affordability criteria be based on:
 - Income;
 - Unemployment data;
 - Population trend; and
 - Other data determined relevant by the State

DWSRF

- “Disadvantaged community” means the service area of a public water system that meets affordability criteria established after public review and comment by the State in which the public water system is located.
- No EPA requirement for minimum criteria



Additional Subsidy = Free Money

- For DWSRF, options abound!
- For CWSRF, can be for affordability, stormwater, energy/water conservation, and/or “sustainability”
- Most states disburse AddSub to small communities or those qualifying under affordability/disadvantaged criteria
- The PPL should detail which projects are proposed to receive additional subsidy each year—you can use this to understand other comparable community funding packages.

Strengths

- Delayed repayment
- Extended loan terms
- 100% financing
- No match
- Broad eligibilities
- No prepayment penalty
- Preconstruction funding (it depends)
- Below-market interest rate
- Additional subsidy



Challenges

- Federal requirements
- Long application process
- Fees can add up
- Funding is slow
- Often missing project support
- Significant oversight
- State staff shortages
- Inexperienced state staff



What is the correct answer to
any SRF question?

Every state is different.
It depends.

Upcoming Trainings

I'm Confused: Where do I start?
January 12, 2026 / 2:00-4:00 pm ET



DWSRF Eligibilities
February 4, 2026 / 11:00-1:00 pm ET

Capacity Development
February 9, 2026 / 2:00-4:00 pm ET



CWSRF Eligibilities
March 4, 2026 / 11:00-1:00 pm ET

Updated
link!!!

For more information and to register visit:

<https://efcnetwork.org/event/virtual-office-hours-ask-me-anything-srf-technical-assistance-open-discussion-2/>



Quantified Ventures

<https://www.quantifiedventures.com/our-team>



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