

Ask me Anything: DWSRF Eligibilities 2.4.2026

Quick recap

Ashley conducted a comprehensive training session on DWSRF (Drinking Water State Revolving Fund) eligibilities, covering the program's history, funding structure, and eligibility criteria for different types of public water systems. She explained how states can manage their SRF programs, including loan terms, interest rates, and additional subsidies for disadvantaged communities. Ashley presented several real-life scenarios to illustrate various eligibility situations, ranging from lead service line replacements to new water storage tank installations. The session concluded with a review of upcoming training opportunities, including a new capacity development and a CWSRF (Clean Water SRF) eligibilities session. Ashley discussed the complexity of managing drinking water and clean water programs across 102 state programs, plus Puerto Rico, and additional territories that operate as grant programs rather than revolving loan funds.

Summary

DWSRF Eligibilities Overview

Ashley hosted an "Ask Me Anything" session focused on DWSRF eligibilities, providing an overview of the state revolving fund program. She explained that the program offers low-interest loans with subsidies for under-resourced communities, funded by federal and state governments, with some funds reserved for operational costs and technical assistance. Ashley highlighted the program's ability to leverage additional funds from the municipal bond market when demand exceeds available resources, noting that states like Texas, New York, and New Jersey regularly engage in this practice. She emphasized the diversity of SRF programs across the country, with each state and Puerto Rico having unique programs.

Federal Drinking Water Program Overview

She traced the history of federal drinking water regulations, highlighting key amendments from 1974 to 2021, including the creation of the Drinking Water State Revolving Fund in 1996 and the addition of grant programs for small, disadvantaged communities in 2016. Ashley noted that while this program provides important funding and regulatory frameworks, the actual impact on water systems varies significantly by state, with some states like Arizona and New Mexico effectively targeting funds to the most vulnerable systems.

DWSRF Program Updates and Changes

Ashley discussed key changes and developments in the Drinking Water State Revolving Fund (DWSRF) program, including the permanent integration of American Iron and Steel (AIS) and Davis-Bacon requirements, extended loan terms for disadvantaged communities, and the significant investment from the Bipartisan Infrastructure Law (BIL). She highlighted the predictability and reliability of SRF loans compared to other federal funding sources, such as grants, which are very competitive and often unreliable. Ashley also explained the calculation of loan terms based on the weighted average expected useful life of funded assets, noting that states have flexibility in determining loan terms as long as they comply with federal laws.

State Loan Rate Determination Policies

Ashley explained how states determine market rates for loans, noting that while the federal law requires rates to be at or below market rate, states have flexibility in defining market rate. Ashley also discussed the concept of disadvantaged community criteria in DWSRF programs, explaining that states have the autonomy to define these communities but that the criteria must be presented for public comment. She outlined how additional subsidies are provided to disadvantaged communities, with specific percentages required for various grants, and emphasized that these percentages do not necessarily correlate with the actual amount of additional subsidy a borrower receives.

DWSRF Capacity Development Strategies

Ashley discussed the concept of adequate capacity, also known as Technical, Managerial, and Financial, or TMF, Capacity, which was introduced in the 1996 amendments for DWSRF programs. States must develop a Capacity Development Strategy to assess the TMF of existing and new public water systems. Ashley highlighted the variability in states' approaches to evaluating capacity, ranging from self-certification to comprehensive on-site assessments. She emphasized the importance of fostering relationships between state staff and water systems to address potential issues. Ashley also explained that states can use up to 31% of their DWSRF capitalization grant as set-aside funds to support capacity development strategies, which can include hiring circuit riders or other assistance programs.

Types of Public Water Systems

Ashley explained the different types of public water systems, including transient non-community (TNC), non-transient non-community (NTNC), and public community systems (PCWS), and outlined their respective regulatory requirements. She emphasized that public community water systems, regardless of ownership (public, private, for-profit, or

non-profit), are eligible for SRF funding at the federal level, though state-specific exclusions may apply. Only non-profit TNCs or NTNCs are eligible for DWSRF funding, again, limited to state-specific criteria.

DWSRF Eligibility Criteria Overview

Ashley discussed the eligibility criteria for borrowing from the Drinking Water State Revolving Fund (DWSRF), covering various types of water systems, including non-profit schools, daycare centers, rest stops, and new public community water systems. She emphasized that projects must address public health issues or consolidate smaller systems lacking adequate capacity. Ashley also highlighted that investments to achieve or maintain compliance with the Safe Drinking Water Act are eligible, including treatment plants, storage, distribution upgrades, and resilience projects. She noted that lead service line replacements are mandatory and eligible for funding, despite being on private property. Finally, she explained that routine operations and maintenance are not eligible for funding, but non-routine testing and growth-driven projects may be, provided they align with population trends and asset life cycles.

DWSRF Eligibility and Funding Overview

Ashley presented a comprehensive overview of Drinking Water State Revolving Fund (DWSRF) eligibility criteria, covering various scenarios and examples. She explained that DWSRF loans cannot be used for land purchase, deregulation, or emergency water hauling, and discussed specific cases involving water treatment, storage, and distribution systems. Ashley also highlighted the importance of regular maintenance and proper planning for infrastructure improvements. The presentation concluded with information about upcoming trainings and resources for further learning on DWSRF topics.

Disclaimer: this summary was generated using AI but was reviewed and edited by a Human.

From the Chat:

C: Wow 102

C: Adding to the bingo card!!

C: I had a water system apply for funding in the upcoming fiscal year. It is a special district, hence, public, however, it is a very small system: 14 connections serving 21 people, hence not a Public Water System (PWS). Although it is publicly owned, since it is not a PWS, it does not qualify for SRF Funding.

C: Water meters (and software) can also be covered by WaterSMART SWEP grant. (Small water efficiency projects)

C: Painting should be done every 10 years, and I would classify it as maintenance.

C: BINGO!!!

C: to register for the upcoming non-AMA training: <https://efcnetwork.org/event/ak-online-training-what-is-an-iup-how-intended-use-plans-can-serve-as-secret-decoder-rings-for-the-state-revolving-loan-funds-srfs/>

C: Wonderful as always. Thank you!

C: This was very helpful