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U.S. Environmental Protection Agency (EPA) Water Infrastructure Programs and FY2025 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 or replacing aging infrastructure. In 2024, the U.S. Environmental Protection Agency (EPA) estimated that wastewater and stormwater infrastructure would need \$630.1 billion (in 2022 dollars) 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.

FY2025 Appropriations

The Full-Year Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4), Section 1101(a), provides federal agency budget authority for FY2025, including for EPA. Section 1101(a)(7) provides EPA funding for FY2025 at FY2024 enacted levels, with certain exceptions. One exception is FY2025 funding for the Clean Water State

Revolving Fund (CWSRF) and the Drinking Water SRF (DWSRF). Section 1801(8) of the act provides specific appropriations for EPA's State and Tribal Assistance Grants (STAG) account. Section 1801(8) does not include the community project funding/congressionally directed spending (CPF/CDS) items, sometimes called *earmarks*, that were provided in FY2024 from CWSRF and DWSRF appropriations. (A separate account, the Water Infrastructure Finance and Innovation Act [WIFIA] account, funds EPA's WIFIA credit assistance program.)

Table 1 identifies that P.L. 119-4 provides about \$3.04 billion for EPA's water infrastructure programs, the same as the FY2024 enacted level (P.L. 118-42). **Table 1** also identifies that the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) provides emergency supplemental appropriations for the SRFs and a drinking water grant program for FY2022-FY2026.

Table 1. EPA Water Infrastructure: Enacted Appropriations for FY2024 and FY2025
(dollars in millions, not adjusted for inflation)

Program	FY2024	FY2024	FY2025	FY2025
	IIJA	Division E P.L. 118-42	IIJA	P.L. 119-4
State and Tribal Assistance Grants (STAG) Account				
Clean Water State Revolving Fund (CWSRF)	\$2,403.0	\$851.2	\$2,603.0	\$1,638.9
Grants for Emerging Contaminant Projects	\$225.0	—	\$225.0	—
Community Project Funding/Congressionally Directed Spending (CPF/CDS)	—	\$787.7	—	—
Drinking Water State Revolving Fund (DWSRF)	\$2,403.0	\$494.4	\$2,603.0	\$1,126.1
Lead Service Line Replacement Projects	\$3,000.0	—	\$3,000.0	—
Grants for Emerging Contaminant Projects	\$800.0	—	\$800.0	—
CPF/CDS	—	\$631.7	—	—
Grants for U.S.-Mexico Border Projects	—	\$35.0	—	\$35.0
Grants for Rural and Alaska Native Villages	—	\$39.0	—	\$39.0
Grants for Testing School Water for Lead	—	\$28.0	—	\$28.0
Grants for Reducing Lead in Drinking Water	—	\$22.0	—	\$22.0
Grants for Small and Disadvantaged Communities	\$1,000.0	\$28.5	\$1,000.0	\$28.5
Grants for Small Water System Resilience and Sustainability	—	\$6.5	—	\$6.5
Grants for Midsize to Large Water System Resilience and Sustainability	—	\$2.3	—	\$2.3
Grants for Indian Reservation Drinking Water	—	\$4.0	—	\$4.0
Grants for Sewer Overflow and Stormwater	—	\$41.0	—	\$41.0
Water Infrastructure Finance and Innovation Act (WIFIA) Account	—	\$72.3	—	\$72.3
Total	\$9,831.0	\$3,043.6	\$10,231.0	\$3,043.6

Sources: CRS using appropriation amounts from P.L. 118-42, the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58), and P.L. 119-4. P.L. 117-58 provides supplemental and advanced appropriations for certain activities for FY2022-FY2026. Not included are FY2025 supplemental SRF appropriations provided by P.L. 118-158 dedicated to areas affected by Hurricanes Helene and Milton and the Hawaii wildfires.

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 statutory compliance and other 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/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.

For FY2025, P.L. 119-4 does not include CPF/CDS, unlike P.L. 118-42 that provided FY2024 appropriations. P.L. 118-42 dedicated \$787.7 million of the total FY2024 CWSRF appropriation and \$631.7 million of the total FY2024 DWSRF appropriation to CPF/CDS. However, the total amount of FY2025 SRF regular appropriations is available for allotment to state capitalization grants because P.L. 119-4 reserves no funds for CPF/CDS. This means that all states will receive more in regular SRF funding in FY2025 than in FY2024. Including IIJA budget authority, the combined FY2025 SRF appropriations are higher than FY2024.

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 FY2024 budget authority for WIFIA subsidy costs would be \$64.6 million of the \$72.3 million for the program and will allow EPA to lend approximately \$6.5 billion.

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. 119-4 provides \$28.5 million for FY2024. IIJA provides \$1.0 billion for this program, dedicated to emerging contaminants projects, for FY2025.

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. 119-4 provides \$28.0 million in FY2025 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 expanded eligibilities, and P.L. 119-4 provides \$22.0 million in FY2025 for the program.

Grants for Drinking Water System Resilience

SDWA Section 1459A(l) directs EPA to establish a grant program to assist small and disadvantaged water systems to improve natural hazard resilience. P.L. 119-4 provides \$6.5 million for FY2025. IIJA amended SDWA to add a parallel program for systems serving 10,000 people or more. P.L. 119-4 provides \$2.3 million for FY2025 for these grants.

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. 119-4 provides \$4.0 million for this program for FY2025.

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. 119-4 provides \$41.0 million for FY2025.

Other Wastewater/Drinking Water Grant Programs

P.L. 119-4 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.

Considerations

As FY2026 appropriations deliberations begin, several considerations pertain to water infrastructure funding. One involves whether or how to provide CPF/CDS for local water infrastructure projects, given the end of IIJA appropriations in FY2026. Another involves how funding levels for EPA water infrastructure programs align with the estimated water infrastructure needs.

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