

Water Infrastructure Fund Transfer Act (WIFTA) Qs & As

Q1: When may states make WIFTA transfers?

A1: Now through October 4, 2020.

Q2: How is the maximum WIFTA transfer amount calculated?

A2: This is calculated by computing five percent of the amount of cumulative CWSRF federal capitalization grants awarded to a state at the time of the WIFTA transfer.

Q3: Must all funds be transferred at once, or may states make multiple transfers?

A3: States may make multiple transfers, as long as they do not exceed the 5% transfer cap included in the WIFTA law.

Q4: What financial and programmatic evidence must states demonstrate to the EPA (during “consultation”) before making a WIFTA transfer?

A4: Before making WIFTA transfers and using the funds, states must include a well-conceived plan for WIFTA funds in their Intended Use Plan (IUP) – in an original IUP or an amended IUP. The IUP will go through the public review and comment process as required by the Clean Water Act and the Safe Drinking Water Act. At a minimum, the plans must include the following:

- To the extent possible, states should identify specific WIFTA projects with associated project descriptions and dollar values.
- In cases where any of these projects would also be eligible for CWSRF funding, states should provide a clear rationale for why they are utilizing this transfer authority to fund them through the DWSRF.
- States must demonstrate that they have evaluated the financial impact of proposed WIFTA transfers on the CWSRF. This analysis should include projected short and long term impacts these transfers may have on the CWSRF’s ability to fund high priority projects.
- States that have not fully utilized their capacity to provide additional subsidy through the DWSRF should provide an explanation for why additional funds from the CWSRF are required to address a threat to public health as a result of heightened exposure to lead in drinking water.

States may revise these plans over time to address changing circumstances and needs.

Q5: What are the commitment and disbursement expectations for transferred funds? In other words, when must states have the transferred funds signed into an assistance agreement (e.g., a loan), and when must the funds be drawn down (i.e., spent)?

A5: Assistance agreements (e.g., loans) involving WIFTA funds must be signed no more than two to three years after the transfer. All WIFTA funds must be fully spent within five years after the transfer.

Q6: What are the eligibilities for these transferred funds?

A6: Projects must be otherwise eligible for DWSRF funding and as the law directs, “address a threat to public health as a result of heightened exposure to lead in drinking water.” Some example projects include but are not limited to planning and design and associated capital improvement projects for corrosion control and the replacement of service lines. For more information, see [Addressing Lead in Drinking Water with the Drinking Water State Revolving Fund](#) fact sheet.

Recognizing that states may fund single assistance agreements that include both WIFTA-eligible and WIFTA-ineligible components, states should be careful to ensure that WIFTA funds are proportional to the lead-related parts of the DWSRF-funded project. For example, if the DWSRF loan funds both corrosion control infrastructure *and* arsenic removal-related infrastructure, the WIFTA funds may *only* be used for the corrosion control portion of the project.

Note that the SDWA does not allow transferred funds to be used for DWSRF set-asides.

Q7: States may be waiting to see the revised Lead and Copper Rule before taking these funds. What should states do if the revised LCR is not released before October 2020?

A7: Given WIFTA's statutory transfer deadline, states should make their best professional judgement, assessing the presence of lead-related public health threats at drinking water systems within their states and determining whether DWSRF-eligible infrastructure may help address those threats.

Q8: What are the reporting requirements for WIFTA?

A8: As with any SRF transfer, states must include this in their Intended Use Plan, Annual/Biennial Report, and record these transfers within the Clean Water and Drinking Water National Information Management systems (CWNIMS and DWNIMS). Like all DWSRF-funded projects, WIFTA projects must be recorded in the DW Project and Benefits Reporting (PBR) data system.

Q9: Once a state has made a WIFTA transfer, may they transfer those funds back to the CWSRF (e.g., if the state determines that funds are no longer needed in the DWSRF for WIFTA purposes)?

A9: Fundamentally, states must have a well-conceived plan for transferring funds (see Question 4 above) before making the transfer to ensure all funds are used, and therefore transfers back to CWSRF should be rare.