



OFFICE OF WATER

WASHINGTON, D.C. 20460

MEMORANDUM

SUBJECT: State Revolving Funds: Back to Basics, Back to Business

FROM: Peggy S. Browne, Acting Assistant Administrator

TO: Water Division Directors, Regions I-X

This memorandum reaffirms the U.S. Environmental Protection Agency's commitment to working collaboratively with the state programs to implement the Clean Water and Drinking Water State Revolving Fund programs. The SRFs are longstanding federal-state partnership programs that have provided a foundation of federal investment in water infrastructure for decades. The SRF programs directly support the EPA's [Powering the Great American Comeback Initiative](#), which emphasize the need for clean air, land, and water for every American and the importance of cooperative federalism and partnering with states to invest billions of dollars into our nation. The EPA recognizes that states are best positioned to understand the unique water quality and public health challenges of their state and work with communities to address those challenges.

The SRFs finance planning, design, and construction of water-related capital infrastructure to protect public health and create water quality benefits and support state programs protecting clean and safe water. Further, the programs exemplify cooperative federalism by authorizing states to structure and manage the Clean and Drinking Water SRFs to meet state objectives and address state water quality and public health priorities. States manage both programs within the framework provided by the Clean Water Act and the Safe Drinking Water Act and associated regulations. The EPA's responsibility is to ensure that states meet legal requirements and manage funds to maintain their long-term capability to finance critical public health and water quality infrastructure.

To further support our state partners and ensure funds can move efficiently, the EPA is focusing on the basics – the statutory and regulatory requirements of the program. We will streamline, to the greatest extent practicable, compliance with program requirements and minimize administrative and financial burden for state programs and their community stakeholders. State managers should note that several Executive Orders¹ supersede policies set forth in the March 8, 2022, memorandum, [Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law](#). These include policies related to climate change and environmental justice. While states no longer need to comply with policies in this memorandum, statutory and regulatory requirements of the SRF

¹ Executive Order 14154, *Unleashing American Energy*; Executive Order 14148, *Initial Rescissions of Harmful Executive Orders and Actions*

programs still apply; including those associated with communities eligible for additional subsidization (CWA),² “disadvantaged communities” (SDWA),³ and project eligibility. Likewise, consistent with statutory requirements, states should direct funding to their highest public health and water quality priorities through their Intended Use Plans.

To assist with compliance with recent Executive Orders, the EPA reviewed and updated information on SRF assistance recipient requirements and annual review materials to ensure alignment with Administration priorities and the new Executive Orders. Furthermore, some of the Executive Orders indicate that guidance from the Office of Management and Budget and/or the Department of Justice may be forthcoming. The EPA will issue further announcements in the future if needed.

One of the great strengths of the SRF programs is the innovation that occurs within the states. The EPA will facilitate peer-to-peer exchanges between state programs and foster a culture of continuous federal and state performance improvement with an emphasis on delivering superior customer service to communities across the country. Further, the EPA will provide technical support to assist states in their efforts to strategically manage cash flow, document proper payment transactions, successfully navigate federal requirements, and collaborate with community stakeholders to market and grow the SRF programs nationally. The EPA will continue to coordinate with states to identify flexibilities supporting the statutory use of funds. Together, states and the EPA can build programmatic and financial capacity and ensure program growth and effective and efficient utilization of all SRF funds.

Continued collaboration and partnership between the EPA and the states is of utmost importance. To reaffirm this commitment the EPA will host a series of listening sessions with state administrators to understand and prioritize the most urgent state concerns. Further, we will host a roundtable with state administrators for the SRF programs to solicit exchange of ideas on how SRFs can adapt to challenges and evolve to ensure a robust future. More information on these engagements is forthcoming.

We look forward to working with our state partners to secure clean water for every American through effective and efficient use of SRF funds.

cc: State Revolving Fund Branch Chiefs, Regions I-X

² 33 U.S.C. 1383

³ 42 U.S.C. 300j-12(d)