



Summary of Water Provisions

Infrastructure Investment and Jobs Act Advisory Services Policy Brief #8

The **Infrastructure Investment and Jobs Act (IIJA)**, also known as the Bipartisan Infrastructure Law, provides substantial investment in water infrastructure. These investments will support upgrading aging infrastructure, reduce lead exposure in drinking water, address the issue of emerging contaminants, and provide resources to expand affordable access to water services. This policy brief summarizes the key water-related programs in the IIJA that represent the majority of the investments in water infrastructure over the five-year term of the bill.

About HDR's Advisory Services

The Advisory Services team has over 250 management consultants with premium, strategic advice that is rooted in the practical, solid-state service that our infrastructure clients around the world have come to expect. We have expertise in funding and finance, economics and decision analysis, strategic planning and policy, sustainability and resiliency, strategic communications and business improvement.

HDR's Advisory Services professionals review infrastructure policy developments and prepare summaries of key provisions to keep our clients informed of the dynamic landscape in Washington, D.C.



Water Infrastructure Under the Environmental Protection Agency

The IIJA provides the Environmental Protection Agency (EPA) with nearly \$50.5 billion to invest in water infrastructure¹. Figure 1 illustrates the distribution of most of the funding programs.

Within these programs, the legislation emphasizes the importance of prioritizing funding toward historically disadvantaged communities and acknowledges the need for investments in treating our waters to mitigate the effects of emerging pollutants. The funding is described further below. A deeper dive on State Revolving Fund programs and drinking water programs is forthcoming in a subsequent Advisory Services Policy Brief.

\$50.5 billion
invested in water infrastructure

State Revolving Loan Funds

The EPA allocates grant funding for water infrastructure through two State Revolving Funds (SRFs) administered by the states. These SRFs will receive most of the increased funding, with **\$43 billion** appropriated with the IIJA and authorization of an additional **\$29 billion** through future annual appropriations. The Drinking Water and Clean Water State Revolving Fund programs will both receive **\$11.7 billion** annually over the five-year term of the bill. Both programs are required to use 49 percent for grants or loan forgiveness for eligible recipients.

This funding presents a unique opportunity for utilities over the next five years, with each year's funding exceeding the annual amounts provided through the American Recovery and Reinvestment Act of 2009². The EPA recently announced estimated allocations for the State Revolving Fund programs and that information is available [here](#) for review.

The Drinking Water State Revolving Fund provides below-market-rate loans to fund infrastructure improvements to water systems to protect public health and ensure compliance with the Safe Drinking Water Act. The Clean Water State Revolving Fund also provides below-market-rate loans, but the program covers a wide range of water quality infrastructure projects, including publicly owned wastewater collection and treatment systems, stormwater management, nonpoint source pollution control, decentralized wastewater treatment, water reuse, and estuary management projects.

¹ Explore EPA's BIL Funding Allocations | US EPA

² See Figure I in "Infrastructure Investment and Jobs Act: Drinking Water and Wastewater Infrastructure"; Congressional Research Service, Report R46892



Lead Service Line Replacement

With **\$3 billion per year** for a total of \$15 billion over the five-year term of the IIJA, the EPA will administer capitalization grants through the Drinking Water State Revolving Fund for lead service line replacement projects and associated activities, directly connected to the identification, planning, design and replacement of lead service lines. Forty-nine percent of funds provided under this program are to be subsidies to pay down existing loans or make grants without local match requirements.

Emerging Contaminants Clean Water and Drinking Water Programs

There is **\$800 million per year** available over the five-year term of the bill through the Drinking Water State Revolving Fund to address emerging contaminants, notably PFAS.³ There is also **\$1 billion** available for capitalization

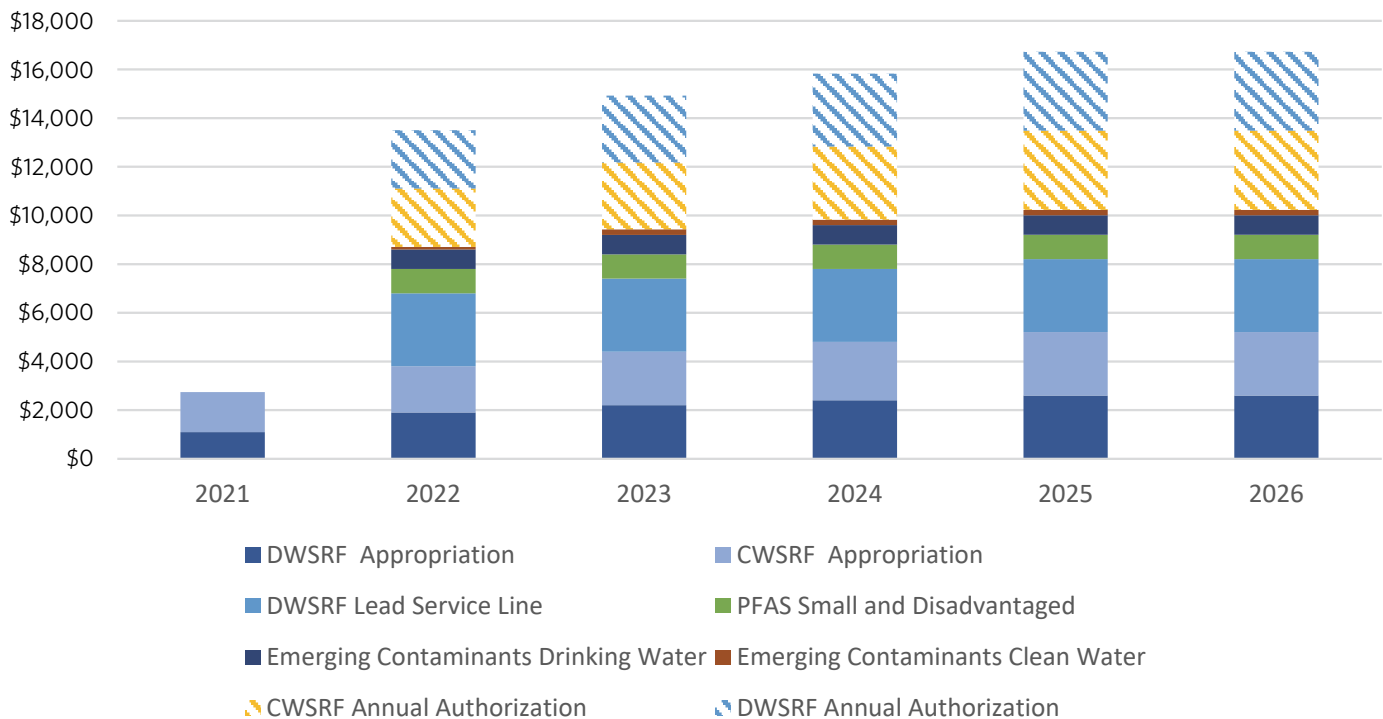
grants under the Clean Water State Revolving Fund to address emerging contaminants without a local match or cost-share requirements. Further, both CWSRF and DWSRF are available to eligible recipients as loans with 100 percent forgiveness and are not subject to matching or cost-share requirements.

Emerging Contaminants Small & Disadvantaged

There is **\$1 billion per year**, totaling \$5 billion, available to address emerging contaminants in small and disadvantaged communities. Grants awarded with these funds are not subject to local match or cost-share requirements. These grants will likely be allocated to each state and administered at the state level by the same departments that administer the SRF programs.

Figure 1 - EPA Water Program Funding Levels

FY 2021 and IIJA Funding for EPA-Administered Water Programs (in millions)



³ PFAS refers to chemical compounds known as Per- and Polyfluoroalkyl Substances that are widely used and long-lasting with components that break down very slowly over time. Studies have shown that exposure to some PFAS in the environment may be linked to harmful health effects in humans and animals. For more information, see [PFAS Explained | US EPA](#)

Western Water Investments

The IJIA makes a substantial investment in western water infrastructure, focusing on groundwater recharge, water recycling and other investments to address drought, water supply demands, and ecosystem restoration. Funding is also provided for aging water infrastructure, such as dams and water conveyances.

\$8 billion

Program Authorizations

The IJIA funds existing water programs under the Bureau of Reclamation, within the Department of the Interior, over the five-year term of the bill. Most of these programs require the Bureau of Reclamation to recommend projects to Congress for approval, with this **\$8 billion** helping to fund a backlog of projects previously approved by Congress but lacking appropriations to move to construction. These programs include:

- \$1.15 billion for water storage, groundwater storage, and conveyance projects already approved by Congress
- \$3.2 billion for the Aging Infrastructure Account to support major rehabilitation and replacement activities identified in the Bureau of Reclamation Asset Management Report, dated April 2021.⁴
- \$1 billion for rural water projects authorized by Congress before July 1, 2021⁵
- \$1 billion for water recycling and reuse projects⁶
- \$250 million for water desalination projects⁷
- \$500 million for dam safety programs⁸
- \$400 million for WaterSMART grants⁹
- \$300 million for implementing the Colorado River Basin Drought Contingency Plan
- \$100 million for watershed management projects
- \$250 million for aquatic ecosystem restoration



⁴ https://www.usbr.gov/infrastructure/docs/Reclamation_Strategic_Asset_Management_Plan.pdf

⁵ Reclamation Rural Water Supply Act of 2006 (43 U.S.C. 2401 et seq.)

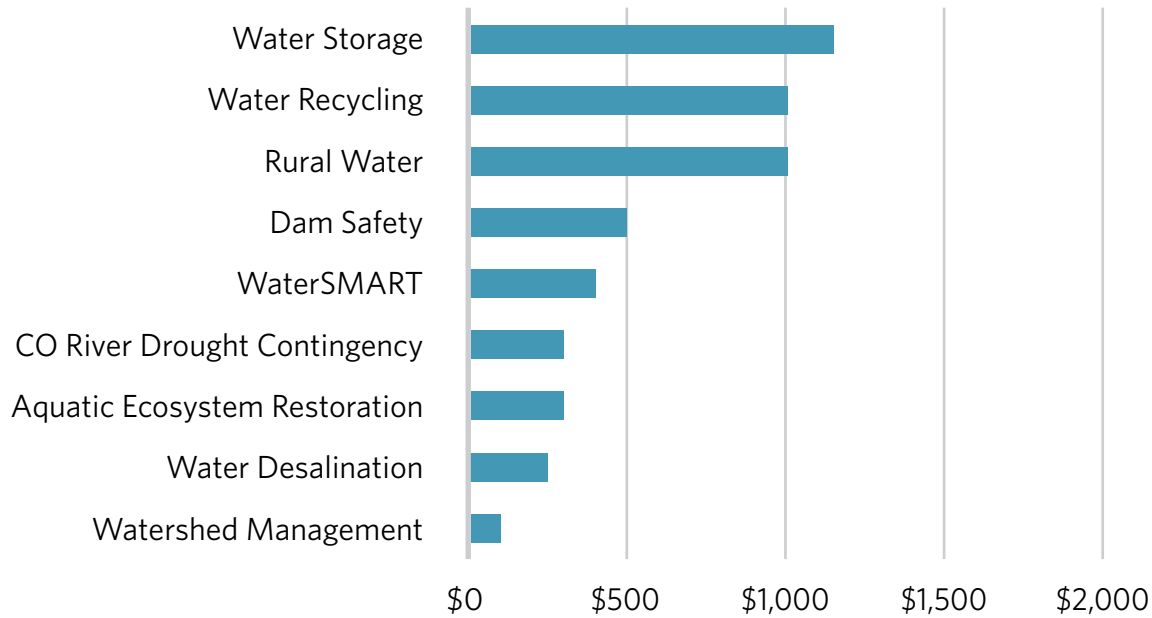
⁶ Title XVI of P.L. 102-575, as amended (Title XVI), provides authority for Reclamation's water recycling and reuse program, titled "Title XVI." Through the Title XVI program, Reclamation identifies and investigates opportunities to reclaim and reuse wastewaters and impaired ground and surface water in the 17 Western States and Hawaii. Title XVI includes funding for the planning, design, and construction of water recycling and reuse projects in partnership with local government entities.

⁷ Water Desalination Act of 1996 (42 U.S.C. 10301 note; Public Law 104-298)

⁸ Reclamation Safety of Dams Act of 1978 (43 U.S.C. 506 et seq.)

⁹ 42 U.S.C. 10364

Western Water Funding Amounts (in millions)



New Competitive Grant Program for Large-Scale Water Recycling and Reuse Program

Established within the Bureau of Reclamation in the Department of Interior and funded at **\$450 million**, this program provides competitive grants for the planning, design, and construction of large-scale water recycling and reuse projects that provide substantial water supply and other benefits. Eligible projects must have total costs of at least \$500 million and must reclaim and reuse municipal, industrial, domestic, or agricultural wastewater or impaired groundwater or surface water. The federal grant may not exceed 25 percent of the total project costs. Project awards will prioritize projects that provide multiple benefits including:

- Water supply reliability benefits for drought-stricken states and communities
- Fish and wildlife benefits
- Water quality improvements

New Competitive Grant Program for Multi-Benefit Projects to Improve Watershed Health

Another new program within the Bureau of Reclamation and funded at **\$100 million**, this competitive grant program funds projects that design, implement and monitor conservation outcomes of habitat restoration projects that improve watershed health in a river basin that is adversely impacted by a Bureau of Reclamation water project.





What Does This Mean and How Can We Help?

The IIJA makes significant investments in our nation’s water-related infrastructure. With these new funding streams and the emphasis on equity, emerging issues, and restoring natural systems, agencies will align projects and programs with these funding priorities. HDR’s experts in water funding and finance can help clients position projects for success. HDR staff can assist you with reviewing your capital programs for potential eligibility, develop overall funding strategies and schedules, and assist with funding tracking and administration.

Our professionals work with clients to restore and sustain water resources across the world. We approach project work from an integrated perspective. Using natural and infrastructure components, we work smart to achieve your project’s environmental, economic and social objectives.

You can read more about HDR’s expertise in water projects [here](#).

For more information, please contact:



Kim Colson
Regulatory and Funding
Strategy Lead
Kim.Colson@hdrinc.com



Wendy Nero
Federal Water Market Sector
Director
Wendy.Nero@hdrinc.com



Amy Dammarell
Cross Sector Professional
Services Director
Amy.Dammarell@hdrinc.com



Sheryl Chino
Paducah Office Principal
Sheryl.Chino@hdrinc.com



Nate Macek
Infrastructure Finance
Director
Nathan.Macek@hdrinc.com



Eric Beightel
Principal Infrastructure Policy/
Environmental Strategist
Eric.Beightel@hdrinc.com