



# Bipartisan Infrastructure Law Funding FAQ

February 2024

## 1. What is the Bipartisan Infrastructure Law?

The Infrastructure Investment and Jobs Act, commonly referred to as the Bipartisan Infrastructure Law (BIL), is a federal infrastructure funding package that was signed into law on November 15, 2021. The law provides the U.S. Environmental Protection Agency (EPA) with funds that can be awarded to states for drinking water and wastewater infrastructure projects.

## 2. What is the Clean Water State Revolving Fund and the Drinking Water State Revolving Loan Fund?

The State Revolving Fund (SRF) Program is a federal-state partnership to help ensure safe drinking water and improve water quality by providing financial support to eligible borrowers for water and wastewater infrastructure capital improvements and for eligible nonpoint source pollution projects. The Alaska Department of Environmental Conservation implements both the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF). Annually, EPA awards the State capitalization grants for each program and the State provides a corresponding match. The SRF Program reviews and approves projects and administers loans. Loan repayments and interest are returned to the funds and made available for future loans.

## 3. How will BIL funds for drinking water and wastewater infrastructure be distributed to Alaska?

Annually, the SRF Program applies to EPA for capitalization grants to expand the State’s loan funds. As a result of BIL, the SRF Program will receive enhanced grant funding for a period of five years starting in 2023. Some portion of the BIL funds are specifically meant to address lead service line inventory and replacement, and emerging contaminants.

## 4. How much BIL funding is available through the SRF Program?

The SRF Program applied for the first year of BIL funds in State Fiscal Year 2024 (SFY24). BIL funds received in SFY24 and amounts anticipated for SFY25 are shown on the table to the right. The funding level will remain similar or slightly greater in subsequent fiscal years. SFY25 CWSRF and DWSRF capitalization grants, and BIL Lead Service Line Replacement funding amounts have not been announced by EPA.

BIL funding is in addition to the annual capitalization grants Alaska receives every year through the CWSRF and DWSRF, referred to as “base capitalization grants.”

Clean Water SRF	SFY24	SFY25	Subsidy
Base Capitalization Grant	\$4.5M	TBD	20-40%
BIL General Supplemental	\$10.6M	\$13.6M*	49%
BIL Emerging Contaminants	\$559,000	\$1.3M*	100%
Drinking Water SRF	SFY24	SFY25	Subsidy
Base Capitalization Grant	\$5M	TBD	12-35%
BIL General Supplemental	\$18M	\$23M*	49%
BIL Lead Service Line Replacement	\$6.7M	TBD	49%
BIL Emerging Contaminants	\$7.5M	\$7.6M*	100%

Note: \*Preliminary allocation amount provided by EPA. This amount is subject to change.

## 5. What types of entities and projects are eligible for BIL funding?

Traditional eligibilities of the SRF Program apply to all BIL funding administered by the SRF. Eligible borrowers and projects include:

- Publicly owned wastewater collection and treatment facilities
- Public water systems and private non-profit water systems undertaking drinking water infrastructure improvements
- Nonpoint source pollution projects

For more information about eligible borrowers and project types, contact the SRF Program ([dec.srfprogram@alaska.gov](mailto:dec.srfprogram@alaska.gov)) or refer to the EPA’s CWSRF and DWSRF eligibility handbooks at the SRF Program’s website (<https://dec.alaska.gov/water/technical-assistance-and-financing/state-revolving-fund/library/>).

### 6. Will projects financed with BIL money include loan forgiveness?

Federal requirements stipulate that specific amounts of BIL funding and base capitalization funding must be provided as subsidy in a form of loan forgiveness. For BIL funds allocated for any traditional SRF eligibility, the State must provide 49% of the federal award as loan forgiveness. It is important to note that this does not mean each loan will include 49% forgiveness; rather, 49% of the total federal award must be offered as loan forgiveness. For lead service line inventory or replacement loans, the State is offering 58.3% forgiveness on loans originating in SFY24; the percentage may vary in subsequent years. BIL funds allocated for projects addressing emerging contaminants are required to be 100% forgiven.

The SRF Program offers loan forgiveness to borrowers that meet established criteria for disadvantaged communities. The disadvantaged community criteria was re-evaluated and presented in the SFY24 Intended Use Plans.

### 7. How can an eligible borrower apply for BIL funds through the SRF Program?

Any eligible borrower interested in BIL funding should submit a project questionnaire to establish project eligibility. Questionnaires are accepted on an ongoing basis and reviewed three times per year. The questionnaire is a relatively short form that is intended to allow the SRF Program to assess project eligibility, as well as score and rank projects on the Project Priority List (PPL). Once a project is on the PPL, the SRF Program will invite applications for the highest ranking projects until all available funding is obligated.

### 8. What is the Project Priority List (PPL)?

The PPL includes projects that have been deemed eligible for SRF Program funding based on the initial information submitted in project questionnaires. The SRF Program ranks new projects along projects identified in the past two years that have not yet resulted in loan agreements. Infrastructure projects that address a risk to human health, protect or improve water quality, and/or ensure compliance with the Safe Drinking Water Act or the Clean Water Act receive the highest ranking. Other project ranking categories include drinking water source protection, readiness to proceed, and community affordability. The PPL is updated three times per year and undergoes a public comment period, following which the SRF Program may proceed with inviting borrowers to submit project applications. When demand for loans exceeds available funds, the PPL is used to make funding decisions.

### 9. How long does it take to secure a SRF loan?

There are several key steps in the loan application process including, but not limited to, obtaining authorization from the city council or borough assembly to authorize an application for the debt, environmental review of the proposed project, and an evaluation of the financial capacity of the borrower to both operate and maintain the system as well as repay any long-term debt. Historically, it has taken approximately six months to complete the loan application review process and issue a loan agreement, but this can be impacted by applicant responsiveness, required assembly/council resolutions, and SRF Program staff capacity. Borrowers who have an urgent infrastructure funding need or timing concern are encouraged to contact the SRF Program to discuss the financing process.

### 10. How much funding may a borrower request through the SRF Program?

There is no limit to the amount of funding that can be requested for a project, but the SRF does not always have sufficient funding to satisfy all requests.

If a questionnaire is submitted with a large funding request, the SRF Program may work with the applicant to determine if the project can be funded in smaller phases. For large projects that cannot be phased, the SRF Program must ensure that the borrower has plans in place to secure all funds needed to complete the project. Borrowers are encouraged to reach out to the SRF Program with any questions about project phasing or other funding options for large projects, such as co-funding with other state and federal sources.

### 11. Are there any special requirements for this funding (“strings attached”)?

Loans issued by the SRF Program are potentially subject to a variety of federal requirements, including Davis-Bacon wages, American Iron and Steel, and Build America, Buy America (BABA) domestic procurement requirements. Additionally, the environmental review process must be addressed prior to construction work. A comprehensive list of funded project requirements can be found on the SRF Program website. To understand which requirements may be applicable to a specific project, contact the SRF Program to discuss applicable requirements.