



# The Louisiana Drinking Water State Revolving Fund: Program Policy Recommendations

## Preface

### The State of Water Infrastructure

Water infrastructure in the United States is aging and in need of replacement, and many systems are already failing. Estimates suggest \$1.25 trillion ([\\$625 billion](#) for Drinking Water infrastructure and [\\$630 billion](#) for Clean Water infrastructure) is needed over the next 20 years to invest in wastewater, stormwater, and drinking water systems. Inadequate investments in water infrastructure has a significant negative impact on the health and well-being of communities, and disproportionately impacts low-income communities and communities of color.

The Bipartisan Infrastructure Law (**BIL**), passed in November of 2021, was the single largest federal investment in water infrastructure to date. Of the \$55 billion to be administered by the Environmental Protection Agency (**EPA**), \$43 billion is being distributed through the Clean Water State Revolving Fund (**CWSRF**) and the Drinking Water State Revolving Fund (**DWSRF**) over Federal Fiscal Year (**FFY**) 2022-2026. Although 49% of these funds must be distributed to “disadvantaged communities” as grants or forgivable loans (rather than loans that need to be repaid), communities with the greatest need [still face several barriers](#) in accessing these funds. Interventions to address these barriers include reforms to State Revolving Fund (**SRF**) policies that determine how SRF funds are allocated to communities within each state.

## Why and How This Project Came to Be

In early 2023, PolicyLink started its three-year “Southern State Revolving Fund (SRF) Analysis and Advocacy Project” to help ensure equitable implementation of BIL SRF funds and base SRF programs in the South. In focusing on the South, we recognized that the racial and economic disparity in clean and affordable water is particularly pronounced there and that there was a need for strong community-based advocacy.

This project consists of two main phases:

### Phase I: Analyses of DWSRF and CWSRF Across Seven Southern States

In early 2023, PolicyLink partnered with the Environmental Policy Innovation Center (EPIC) to train and support policy analysts across seven southern states (Alabama, Arkansas, Louisiana, Mississippi, Oklahoma, Tennessee, and Texas) to conduct equity analyses of each state’s Clean Water and Drinking Water State Revolving Fund. These analyses are being used to inform advocacy in Years 2 (2024) and 3 (2025) of the project.

### Phase II: Community-Based-Organization (CBO) Led Advocacy Across Four States

Of the seven states, PolicyLink selected four states—Alabama, Louisiana, Tennessee, and Texas—for Phase II (supporting CBO-led SRF Advocacy). These represent two states from EPA Region 4 (Tennessee and Alabama) and two states from EPA Region 6 (Louisiana and Texas). PolicyLink selected a cohort of 16 CBOs (4 CBOs per state) to undergo SRF Advocacy training (administered by River Network) and supports them in their state and regional SRF advocacy efforts.

This document is part of the larger series of SRF program analyses (Phase I deliverables) developed by individual consultants, with guidance from PolicyLink and the Environmental Policy Innovation Center (EPIC).

To learn more about the project and/or to access other material related to the state analyses, please see the project [site](#).

## Acknowledgments

For the first phase of this project, we want to thank our partner, Janet Pritchard, from the Environmental Policy Innovation Center (EPIC), for providing a template for conducting the equity analyses, training our consultants, and reviewing each of the state outputs. We also want to thank our individual consultants who conducted analyses of SRF programs within their states:

- Alabama: Victoria Miller and Cindy Lowry, Alabama Rivers Alliance
- Arkansas: EPIC
- Louisiana: Rebecca Malpass, The Water Collaborative of Greater New Orleans
- Mississippi: Dr. Christine Curtis, Grow Where You’re Planted
- Oklahoma: EPIC
- Tennessee: Grace Stranch and Anne Passino, Harpeth Conservancy
- Texas: Danielle Goshen, (*while at National Wildlife Federation*)
- Regional Overview: Danielle Goshen, EPIC

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# Abbreviations Sheet

**BIL** – Bipartisan Infrastructure Law  
**CBO** – Community-Based Organization  
**CWA** – Clean Water Act  
**CWNS** – Clean Water Needs Survey  
**CWSRF** – Clean Water State Revolving Fund  
**DAC** – Disadvantaged Community  
**DWINSAs** – Drinking Water Infrastructure Needs Survey and Assessment  
**DWSRF** – Drinking Water State Revolving Fund  
**EC** – Emerging Contaminants  
**EPA** – Environmental Protection Agency  
**EPIC** – Environmental Policy Innovation Center  
**EET List** – Enforcement Targeting Tool List  
**EJScreen** – Environmental Justice Screening Tool  
**FFY** – Federal Fiscal Year  
**IIJA** – Infrastructure Investment and Jobs Act  
**ITEP** – Industrial Tax Exemption Program  
**IUP** – Intended Use Plan  
**LDEQ** – Louisiana Department of Environmental Quality  
**LDH** – Louisiana Department of Health  
**LWWJFC** – Louisiana Waste Water Joint Funding Committee  
**MCL** – Maximum Contaminant Level  
**MHI** – Median Household Income  
**OSDS** – On-Site Disposal Systems  
**PFAS** – Per- and Polyfluorinated Substances  
**PWSS** – Public Water Supply Supervision Program  
**RWIC** – Rural Water Infrastructure Committee  
**SDWA** – Safe Drinking Water Act  
**SRF** – State Revolving Fund

# Introduction

This memorandum analyzes key components of the state policy framework for Louisiana’s Clean Water State Revolving Fund (**CWSRF**). While funding to capitalize the CWSRF is provided by federal appropriations, the policies that determine the projects and communities that are prioritized to receive funding—including which communities receive additional subsidies in addition to low-interest loans—are determined at the state level.

This memo explains key components of the state policy framework of interest to community-based organizations and other organizations working on environmental and equity issues in Louisiana. It is intended to provide guidance to state advocates in their efforts to engage state administrators to make the allocation of Louisiana’s CWSRF more equitable and to build the resilience of Louisiana communities, particularly low-wealth and historically underserved communities in the state.

The Intended Use Plans (**IUPs**) are the key policy documents that outline how each state will use BIL SRFs and base SRF grants (appropriated by Congress each year). This memorandum focuses on Louisiana’s most recent IUPs (2023, 2024), with reference to relevant statutes and regulations as well.

## Summary of Recommendations

Analysis of Louisiana’s DWSRF program shows room for improvement in at least four specific areas:

1. Improve public transparency and accountability, including timely posting of all up-to-date Intended Use Plans on the program’s website and enhancing the public input process to increase awareness and participation;
2. Properly utilize the program’s available funds to ensure as many community project needs as possible are met, including increasing set-aside funding for technical assistance and offering planning loans;
3. Develop a more robust and refined definition of disadvantaged communities that adequately captures the most vulnerable and in-need communities; and
4. Rework project priority points to more accurately assess each project’s benefits to the community.

These four areas of improvement are considered feasible to implement through Louisiana’s DWSRF program administration and do not require amendments to state statutes or regulations.

## Recommendation 1: Prioritize Public Transparency and Program Accountability

### 1A. Publish Draft and Finalized IUPs on the Louisiana DWSRF Program Website

We encourage LDH to promptly publish the draft and finalized DWSRF IUPs from at least the past five years on their website to comply with federal standards of public access and participation. While the [DWSRF program website](#) lists IUPs from past years, the 2022 Bipartisan Infrastructure Law (**BIL**) IUP was not linked on the Louisiana DWSRF program website until Fall 2023, nor are any of the 2023 IUPs available on the website as of January 2024. A lack of full transparency regarding the previous version(s) of DWSRF IUPs hinders public trust, community awareness, and program accountability.

### 1B. More Fully Seek Meaningful Public Engagement through Virtual Public Hearings and More Widespread Promotion of Public Notices

We encourage LDH to allow virtual participation in public hearings, as it lowers the barrier to entry for the general public around the state of Louisiana to participate in and understand the funding for their water infrastructure. We also encourage additional outreach through public notices and communications through additional channels, including the DWSRF website page, local newspapers around the state, opt-in email notifications, and social media. Finally, we encourage LDH to conduct informational public webinars to explain the importance and functions of the DWSRF and the associated IUPs.

The Louisiana DWSRF program’s current methods to promote public participation include circulating notices of a public hearing on Louisiana’s DWSRF IUP in the Baton Rouge Advocate and hosting one in-person public hearing in Baton Rouge. These acts do not encourage adequate public participation in the IUP process across the state. According to meeting minutes for the 2022 IUP public hearings, not a single person showed up. This has been the case for many years. [EPA’s](#)

[Combined SRF Implementation Memo](#) strongly encourages state agencies to “foster a spirit of openness and mutual trust between the state and the public” and “use all feasible means to create opportunities for public participation, and to stimulate and support public participation.”<sup>1</sup>

### **1C. Require Pre-applicants and Approved Applicants to Conduct at Least One Public Meeting in the Community Where a Project Takes Place and Inform the Public of Any Public Meetings or Project Changes**

LDH should require applicants to conduct public meetings in the communities where they intend for a project to be located. The project application process is extensive but does not encourage public participation in project design, planning, and construction. Most residents are unaware of the projects that take place in their own communities. Currently, requirements for loan applications do not mandate community meetings to facilitate communication between residents and project managers to increase community awareness or ensure the needs of the community are being met. This recommendation would provide the most accessible entry point for the public to understand and engage with those projects being proposed or implemented in their communities.

### **Recommendation 2: Expand the Utilization of Technical Assistance (TA) Funding to Help Communities Proceed with Projects and Move Projects to the Fundable List**

LDH can strategically increase its use of Technical Assistance funding in order to benefit communities. This may be best accomplished through a third party nonprofit or contractor that can provide technical assistance. LDH should also establish a planning loan program to help communities plan projects and apply for funding.

The Louisiana DWSRF program has accumulated a large amount of funding since the inception of the program. In the IUP, the Comprehensive List of Applicants—those who have applied for a loan—documents approximately \$172 million in requested project funding. However, the Fundable List of Applicants documents only \$10.155 million in approved loans. Upon closing of State Fiscal Year 2023 loans, \$157 million dollars in available loan funds are untouched.

This discrepancy highlights a need for more outreach and technical assistance from program managers and staff to help communities resolve application issues so they are able to move from the Comprehensive List of Applicants to the Fundable List. To help achieve this outreach and technical assistance, LDH could increase its use of set asides from both base funding and BIL funding. This could provide significant aid to Louisiana communities by helping move their projects from the comprehensive list to the fundable list.

Similarly, a planning loan program can help move projects from the Comprehensive List of Applicants to the Fundable List for high ranking projects in subsequent IUP years, particularly projects in communities that do not have the initial resources to become shovel-ready. Once a project receives its loan for construction, a portion of those received funds can be used to pay back the planning loan.

### **Recommendation 3: Explicitly state the types of technical, financial, and managerial assistance available to water systems in disadvantaged communities, including assistance with applications**

Priority to assist small water systems is not necessarily equitable. The SDWA allows up to 2% of annual capitalization grants to be used for small system technical assistance through set-aside funds. Louisiana’s DWSRF has applied the full 2% of funds to provide facility compliance, complete needs assessments, and secure additional funding. As with systems not in compliance, a key defining factor for a disadvantaged community is a water system that serves less than 10,000 residents. In addition, if two projects score the same number of project priority points, the smaller system will be prioritized. According to EPA’s “[DWSRF Disadvantaged Community Definitions: A Reference to States](#),” “small communities do not always struggle with affordability, and some may be wealthy areas that can afford higher costs.”

Louisiana’s DWSRF set-aside funds included only \$750,000 in technical, financial, or managerial assistance for local water systems beyond small systems in 2022. It does not explicitly address technical, financial, or managerial assistance for larger water systems in disadvantaged communities. It is entirely possible for larger water systems to need these types of assistance and program support, including support to navigate the extensive application process for a DWSRF loan. LDH should explicitly state the types of assistance available to water systems in disadvantaged communities.

## Recommendation 4: Prioritize Principal Forgiveness Loans for Disadvantaged Communities

LDH needs to prioritize principal forgiveness loans for disadvantaged communities. This could be done by converting to a scaled point model, categorizing public water systems that meet the criteria of a disadvantaged community by weighing all factors to ensure the most disadvantaged communities' needs are met first, and explicitly state in the IUP the process for calculating the amount of principal forgiveness. More specifically:

1. Consider removing water systems that serve populations less than 10,000;
2. Replace water systems where the median household income is below the national median household income of the United States with “water systems that serve a population with a poverty rate above 19 percent”;
3. Remove water systems not in compliance with the SDWA;
4. Add water systems for which water rates account for two percent of the community’s median household income; and
5. Add water systems in areas that experience disproportionately higher rates of pollution, climate change impacts, and health issues. These can be assessed using the EPA’s Environmental Justice Screening Tools ([EJScreen](#)<sup>2</sup>) or the Climate and Economic Justice Screening Tool ([CEJST](#)<sup>3</sup>).

The current criteria includes small water systems, water systems that serve populations with 25% below the national median household income level, and water systems not in compliance. Projects that allow drinking water systems to come into compliance with the SDWA should remain a priority, but they should not be included in the definition of a disadvantaged community. [LDH’s innovative new grading system for water utilities](#) recently gave 309 water systems (33% of all graded water systems) C, D, and F grades, which include noncompliance issues. Funding will be spread too thinly across projects to assist all water systems with compliance through principal forgiveness loans. In addition, the current definition does not specifically address water rate burden, poverty rates, or environmental justice concerns for people of color or communities that live in high pollution zones. Using

median household income as an indicator of affordability “may obscure the prevalence of households in poverty, especially in communities with a skewed or wide income distribution” and “does not capture whether a subset of the community’s population might struggle with rate increases associated with existing or new water infrastructure debt” or “whether the actual cost of water paid by customers is affordable,” according to EPA’s “DWSRF Disadvantaged Community Definitions: A Reference for States.”

Further, the formula for principal forgiveness loans to disadvantaged communities is unclear. The 2022 IUP states that an entity must meet one of the three criteria to receive principal forgiveness, with up to 100% principal forgiveness given to projects that resolve noncompliance or consolidate water systems. However, it is unclear how the amount of principal forgiveness given is determined, allocated, and distributed for any project.

Further, the state should ensure that no more than 14% of additional subsidy goes towards any eligible applicant under the base program, while 12-35% of additional subsidy goes towards disadvantaged communities. The state should also consider maximizing the amount of principal forgiveness available for disadvantaged communities.

## Recommendation 5: Add Project Priority Points for, Energy Efficiency, Poverty Rate of the Population Served, Water Affordability Rate for the Population Served, and Address Environmental Justice Concerns in the Louisiana DWRLF Project Priority Criteria Worksheet

Projects are given priority points for violations, consolidation, affordability, compliance, water efficiency, asbestos and lead mitigation, meter replacement or repair, source capacity and point source discharge, and new connections to water systems. It does not specifically give project priority points to projects that increase energy efficiency, such as renewable power sources.

[EPA’s Combined SRF Implementation Memo](#) strongly encourages states to fund projects that “support climate adaptation” and a “drive toward energy efficiency and climate smart water systems.” A project’s ability to increase energy efficiency, long-term capacity development, sustainability,

and affordability should be considered important factors in determining a project's priority, strength, and benefit to communities and the environment.

## **Recommendation 6: Prioritize Local Workforce Development**

LDH should add workforce development training and apprenticeships to the list of fundable technical assistance activities provided to water systems to support employment of Louisiana residents and encourage loan applicants to state their intent to hire contractors, project managers, construction workers, and other staff that live in Louisiana to promote Louisiana's workforce development.

Training and Capacity Development tools are readily available for water system operators, including the Area-Wide Optimization Program (**AWOP**), Source Water Assessment and Protection (**SWAP**) program, operator certification program, and the Louisiana Community Sustainability Tool. Missing are training programs that open pathways to employment for Louisiana residents and youth. Also missing are requirements for applicants to support Louisiana workforce development by hiring project contractors and workers that live in Louisiana.

In addition, green workforce development is vital to the future and sustainable success of Louisiana's efforts to create highly valued jobs and economic development. [According to the Institute for Market Transformation](#), "Workforce development programs can bring currently unemployed or underemployed citizens back to work and ensure that enough skilled professionals exist locally to fulfill demand ... A strong green workforce can improve the value and efficiency of the community's natural and human systems."

## **Conclusion**

These recommendations are aimed at improving the efficacy of Louisiana's DWSRF program and incorporating more equitable and sustainable approaches to funding and financing, project priority, and project management. Louisiana's DWSRF program must improve its rate of public participation and knowledge, its utilization of available funding, and its systems for prioritizing projects in vulnerable communities.

Many of these recommendations are aligned with current policies and practices that have enhanced the success of other state revolving fund programs. There is always room for improvement and efficiency in such a program, and it is the author's hope that these recommendations will be discussed, considered, and incorporated into Louisiana's DWSRF program, and that advocates in Louisiana use these recommendations to further their own work.

# End Notes

1. Fox, R. & UNITED STATES ENVIRONMENTAL PROTECTION AGENCY. (2022b). Implementation of the Clean Water and Drinking Water State Revolving Fund provisions of the Bipartisan Infrastructure Law [Memorandum].
2. EJScreen reconstruction accessed Feb 25, 2025. Tool accessible on this site: <https://screening-tools.com/epa-ejscreen>.
3. CJEST reconstruction accessed Feb 25, 2025. Tool accessible on this site: <https://screening-tools.com/climate-economic-justice-screening-tool>.



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