



# Oklahoma Southern State Revolving Fund (SRF) Program Fact Sheets

## 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 Two (2024) and Three (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 Four (Tennessee and Alabama) and two states from EPA Region Six (Louisiana and Texas). PolicyLink selected a cohort of 16 CBOs (Four 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

**AMHI** – Adjusted Median Household Income

**APCI** – Adjusted Per Capita Income

**BIL** – Bipartisan Infrastructure Law

**CBA** – Community Benefit Agreement

**CBO** – Community-Based Organization

**CBP3** – Community-Based Public-Private Partnership

**CWSRF** – Clean Water State Revolving Fund

**DAC** – Disadvantaged Community

**DEQ** – Department of Environmental Quality

**DWSRF** – Drinking Water State Revolving Fund

**EC** – Emerging Contaminants

**EPA** – Environmental Protection Agency

**EPIC** – Environmental Policy Innovation Center

**HBI** – Household Burden Indicator

**IJA** – Infrastructure Investment and Jobs Act

**IUP** – Intended Use Plan

**LSLR** – Lead Service Line Replacement

**MHI** – Median Household Income

**MMD** – Municipal Market Daily

**OWRB** – Oklahoma Water Resources Board

**PF** – Principal Forgiveness

**PPI** – Poverty Prevalence Indicator

**PPL** – Project Priority List

**PWS** – Public Water Systems

**SFY** – State Fiscal Year

**SRF** – State Revolving Fund

**SVI** – Social Vulnerability Index

# How to Get Involved in State Revolving Fund (SRF) Advocacy in Oklahoma

## 1. Understand Key Departments and Programs

- **Department of Environmental Quality (DEQ):** Administers the Drinking Water State Revolving Fund (**DWSRF**) program with assistance from the Oklahoma Water Resources Board (**OWRB**) for the use of set-asides
- **Oklahoma Water Resources Board (OWRB):** Administers the Clean Water State Revolving Fund (**CWSRF**) programs

## 2. Stay Informed Through Public Notices

- **Public Notices:** Find public notices on the [DEQ](#) and [OWRB](#) websites
- **Engagement:** Provide comments on annual Intended Use Plans (**IUPs**), which outline the state's fund administration for the fiscal year and are finalized after notice and a public comment period

## Drinking Water State Revolving Fund (DWSRF) Program (SFY 24)

### Overview

- **Purpose:** Provides low-cost financial assistance through loans and principal forgiveness for planning, acquisition, design, and construction of water infrastructure projects (e.g., mitigating water loss, upgrading or replacing water systems, consolidation projects, source water protection projects, etc.)
- **Eligibility:** Existing community Public Water Systems (**PWS**), including political subdivisions, nonprofit water supply corporations, privately-owned community water systems; nonprofit, non-community public water systems; and state agencies

## Assistance Types and Terms

- **Standard Loans:** Loans are available for up to 100% of eligible costs.
  - Long-term financing loans for both small and large public drinking water systems at an interest rate equal to 70% of Municipal Market Daily (**MMD**) AAA scale spot rates plus 0.40% (shortest maturity) to 0.76% (longest maturity) to account for interest rate risk.
  - An additional 0.50% administrative fee is charged on the unpaid principal balances
- **Special Loan Terms:** Equivalency projects may receive an additional interest rate reduction.
  - The long-term DWSRF loan is a 30-year loan, with up to a 40-year loan for eligible disadvantaged communities subject to useful life of the project, with a fixed interest rate used for the construction of drinking water infrastructure improvements.
- **Principal Forgiveness:** Under the Base program, DEQ plans to provide additional subsidization to all eligible projects seeking funding through the DWSRF program at \$200,000.00 or 20%, whichever is less.

## Disadvantaged Communities (DACs)

- **Eligibility:** Communities which serve a population whose Median Household Income (**MHI**) is greater than 80% but less than 90% of the national MHI. Communities serving a population whose MHI is less than 80% of the national MHI according to the United States Census Bureau/American Community Survey will be designated as "Severely Disadvantaged Communities."
- **Benefits:** Favorable prioritization for disadvantaged (40 points) and severely disadvantaged communities (60 points) through extra rating points and longer loan terms (up to 40 years) for disadvantaged communities

## Project Rating

- Oklahoma's rating system for water quality projects prioritizes initiatives based on factors like pollution reduction, water quality restoration, protection of beneficial uses, alignment with strategic priorities, and project readiness. Projects are scored up to 600 points, with higher points awarded for projects that address specific environmental goals, meet readiness criteria, and align with the state's long-term water management plans.

# Clean Water State Revolving Fund (CWSRF) Program (SFY 24)

## Overview

- **Purpose:** Provides low-cost financial assistance for planning, acquisition, design, and construction of wastewater, reuse, and stormwater infrastructure (e.g., creating or improving wastewater treatment facilities, managing, reducing, treating, or recapturing stormwater or subsurface drainage water, purchasing existing wastewater treatment plants, estuary management projects, etc.)
- **Eligibility:** Cities, counties, districts, river authorities, designated management agencies, authorized Indian tribal organizations, and public and private entities proposing nonpoint source or estuary management projects

## Assistance Types and Terms

- **Standard Loans:** Interest rate currently consists of approximately 60% of Municipal Market Daily (MMD) AAA scale spot rates through maturity plus 0.40% (shortest maturity) to 0.76% (longest maturity) to account for interest rate risk. An additional 0.5% administrative fee is charged on the unpaid principal balances.
- **Priority Loans:** If a project is identified as an equivalency project, additional incentives may be applied, such as interest rate reduction.
- **Principal Forgiveness:** PF is available up to one million dollars per entity, and is based on tiering.
  - For entities that **meet the state's affordability criteria:** (1) Tier 3—50% of project cost eligible for loan forgiveness; (2) Tier 2—75% of project cost eligible for loan forgiveness; and (3) Tier 1—100% of project cost eligible for loan forgiveness.
  - For entities that **do not meet the state's affordability criteria** but will benefit individual ratepayers: the maximum loan forgiveness amount of \$500,000 for eligible project costs for Tier 4 entities per entity, per SFY.

- For entities that implement a process, material, technique, or technology that **addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction:** maximum loan forgiveness amount of \$500,000 for eligible project costs per entity, per SFY, which can be additive to the amount for affordability criteria if awarded.

## Disadvantaged Communities (DACs)

- **Eligibility:** The Oklahoma CWSRF has a tiered DAC definition that considers an entity's adjusted per capita income (APCI) to the nation's APCI. The lower the APCI of the community is compared to U.S. APCI, the lower the tier and the higher amount of principal forgiveness is eligible to the community.
- **Benefits:** Favorable financing through principal forgiveness and favorable prioritization through extra rating points, based on level of disadvantage

## Project Rating

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# Key Recommendations

## 1. Program Accessibility and Transparency

- Provide information on whether an entity meets the affordability criteria (**CWSRF**) on the Project Priority List (**PPL**)

## 2. Improve DAC and Affordability Criteria Policies

- Provide more principal forgiveness for DACs compared to other eligible applicants under the DWSRF
- Provide a waiver for interest rate risk fees based on maturity for disadvantaged borrowers under the DWSRF, as is done in the CWSRF
- Consider alternatives to the caps on principal forgiveness under the DWSRF and CWSRF
- Remove the minimum debt coverage requirement under DWSRF for the most disadvantaged communities

## 3. Revise Project Ranking Criteria

- Provide ranking points on a sliding scale based on DAC Score

## 4. Improve Readiness to Proceed Procedures

- Provide planning loans to high ranking projects that are not ready to proceed

By implementing these recommendations, Oklahoma can improve the effectiveness, transparency, and equitable distribution of its SRF programs, ultimately enhancing water infrastructure and access across the state.

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