



Mississippi 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

BIL – Bipartisan Infrastructure Law

CWSRF – Clean Water State Revolving Fund

DWSRF – Drinking Water State Revolving Fund

EC – Emerging Contaminants

EPA – Environmental Protection Agency

EPIC – Environmental Policy Innovation Center

FFY – Federal Fiscal Year

GPR – Green Project Reserve

IIJA – Infrastructure Investment and Jobs Act

IUP – Intended Use Plan

Justice40 – Biden Administration’s initiative to ensure 40% of climate and clean energy investments benefit disadvantaged communities

LR MHI – Locality’s Median Household Income

LSLR – Lead Service Line Replacement

MDEQ – Mississippi Department of Environmental Quality

MHI – Median Household Income

MSDH – Mississippi State Department of Health

PF – Principal Forgiveness

PFAS – Per- and Polyfluoroalkyl Substances (emerging contaminants in drinking water)

PWSS – Public Water System Supervision

SRF – State Revolving Fund

UCMR-5 – Unregulated Contaminant Monitoring Rule 5

WIFIA – Water Infrastructure Finance and Innovation Act

WPCRLF – Water Pollution Control Revolving Loan Fund

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

1. Understand Key Departments and Programs

- **Mississippi State Department of Health (MSDH)**
 - Manages the Drinking Water State Revolving Fund (**DWSRF**), Lead Service Line Replacement (**LSLR**), and Emerging Contaminants (**EC**) programs
 - Eligible applicants are primarily public water systems
 - NGOs and consultants can access technical assistance funds
 - Max loan amount: \$5,000,000
- **Mississippi Department of Environmental Quality (MDEQ):**
 - Administers the Clean Water State Revolving Fund (**CWSRF**)
 - Eligible applicants include public water systems

2. Stay Informed Through Public Notices

- Find Public Notices on the [Mississippi Public Notices](#) webpage of the *Clarion-Ledger* newspaper
- Stay updated through the [Public Meeting Notices](#) website
- Engage by providing comments on annual Intended Use Plans (**IUPs**), which outline the state's fund usage for the year and are finalized after a public comment period

3. Attend State Conferences

- Attend key conferences where state agencies are present, such as:
 - Alabama-Mississippi Water Joint Annual Conference
 - Mississippi Rural Water Association Annual Conference
 - Mississippi Association of Supervisors Annual Convention
 - Annual Mississippi Municipal League Conference
 - American Council of Engineering Companies Deep South Convention
 - Mississippi Engineering Society (**MES**) regional meetings
 - Mississippi Rural Water, MS Municipal League, and ACEC events throughout the year

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

Overview

- Purpose: Provide 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.).
- Existing community Public Water Systems (**PWSs**) including political subdivisions, nonprofit water supply corporations, and privately owned community water systems; nonprofit, noncommunity public water systems; and state agencies

Assistance Types and Terms

- **Kinds of Assistance:** The DWSRF program provides standard loans, principal forgiveness (**PF**) loans, and 100% principal forgiveness loans (or grants). The maximum loan and PF loan amounts are \$5,000,000 and \$500,000 respectively.
- **Interest Rates and Length of Loans:** Loans are primarily available at a 1.95% interest rate, compounded monthly, at terms not to exceed 20 years after project completion. For disadvantaged communities, loan repayment can take up to 40 years.
- **Definition of Disadvantaged Communities:** The Mississippi Department of Health's (MSDH's) definition of disadvantaged communities is implied in their IUP's eligibility criteria for PF, and in the funds they set aside for small systems.
 - **Factors Considered:** The only factor considered for PF loans is Median Household Income (**MHI**). Additionally, 15% of the funds for standard projects must go to systems serving fewer than 5,000 people.
 - **Ranking:** The percentage amount of PF that an applicant receives is based on how the MHI in their area compares to the whole of Mississippi's. Service areas with a comparatively lower MHI will receive a higher percentage of PF.
 - **Spatial Boundaries:** Spatial boundaries are not considered (in terms of population demographics). All applications are reviewed based on the demographics of their entire service area population.
 - **What is PF used for?** PF loans are offered only to disadvantaged systems.

Key Dates and “Ready to Proceed” Criteria

- **Conditions Applicants Need to Meet:** Applicants must submit a complete facilities plan by October 1st, a complete loan application and all associated documents by May 1st, and submit all approvable documents and responses to comments for review and approval by August 1st.
- **Public Notice and Comment:** MSDH provides a public notice period of at least 25 days for review and comment on the IUP before any oral proceeding. The public comment period for FFY-2023 spanned from July 3rd to July 28th.

Project Rating

- **Priority System:** Projects are either emergency projects or standard projects. Emergency projects take priority over all other projects. Standard projects are prioritized in order of their ability to address the most serious health risks across a priority system with 13 categories.
- **Priority Ranking:** Within each project category, all non-emergency projects are ranked based on a priority point system, which factors in the project’s benefit relative to its cost, the affordability need of the applicant’s community, whether the project discourages small and separate systems, whether the project is addressing a capacity issue, the applicant’s participation in assistance programs, and whether the applicant has an asset management plan. Additionally, 15% of funds awarded must go to systems serving fewer than 5,000 people.
- **Prioritizing Communities for PF:** Disadvantaged systems are prioritized for PF loans based on their ranking in the priority system.

Funds for Principal Forgiveness and Set-Asides

- **Amount of the Base Grant Allocated for PF:** Of the \$6,291,000 in cap grant funds available for FFY-2023, the State is allocating \$1,635,660 (26%) for PF.
- **Amount of Federal Grants Being Set Aside:** Of the \$6,291,000 in cap grant funds available for FFY-2023, the state is setting aside \$1,770,607 for administration, small system technical assistance, state program management, and local assistance and other state programs. Of the \$26,368,000 in BIL supplemental grant funds available for FFY-2023, the state is setting aside \$3,263,424 for administration, small system technical assistance, and local assistance and other state programs.

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

Overview

- **Purpose:** Provide 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:** Program applicants must be public entities that are applying for wastewater projects. Examples of wastewater projects include wastewater treatment and transportation facilities, nonpoint source and storm water pollution control programs, and estuary conservation and management programs.

Assistance Types and Terms

- **Kinds of Assistance:** The CWSRF provides loans and PF loans (or subsidies), with a maximum PF loan amount of \$4,000,000.
- **Interest Rates and Length of Loans:** Loans are available at a (1) 0.8% annual interest rate, compounded monthly, at terms not to exceed 20 years after project completion, or (2) at a 1.8% annual interest rate, compounded monthly, at terms of 30 years after project completion. All currently available subsidy funding is offered as 80% principal forgiveness to qualifying loan recipients.
- **Definition of Disadvantaged Communities:** MDEQ’s definition of disadvantaged communities is implied in their IUP’s eligibility criteria for their Subsidy Priority List.
 - **Factors Considered:** Tier 1 eligibility criteria are a service area population of 4,000 or less and a MHI of \$40,000 or less. Beyond that, both Tier 1 and Tier 2 have the following factors: per capita income, unemployed population, vacant households, population living 200% below poverty level, population speaking English “not well” or “not well at all,” and population receiving food stamps/SNAP.
 - **Ranking:** Within the subsidy priority list, projects are ranked in their respective tiers based on (1) highest to lowest total Affordability Factor score, (2) lowest to highest Service Area MHI, and (3) lowest to highest Service Area Population.

- **Spatial Boundaries:** If their proposed project does not cover the entire Service Area, applicants on the Tier 2 Subsidy Priority List must submit a map that delineates the project area and clarifies its subsidy eligibility.

- **What is PF Used for?**

- PF loans are offered only to applicants who qualify for the subsidies priority list.

Key Dates and “Ready to Proceed” Criteria

- **Conditions Applicants Need to Meet:** Applicants must submit a complete facilities plan by April 15th, a complete loan application and all associated documents by May 15th, and all approvable documents and responses to comments for review and approval by August 15th.
- **Public Notice and Comment:** MDEQ provides a public notice period of at least twenty-five (25) days for review and comment on the IUP before any oral proceeding. The oral proceeding for FFY-2023 was held on August 23rd.

Prioritizing Who and What Receives Assistance

- **Priority System:** There are three priority lists, including the Regular, Subsidy, and Green Project Reserve Priority Lists. Both the green project reserve and subsidy projects have dedicated funds and do not compete with projects on the regular priority list.
- **Priority Ranking:** Projects on the Regular Priority List are prioritized for funding in the order of the greatest benefit to public health and the environment within a system of 10 categories. Projects on the Subsidies Priority List are prioritized based on a two-tiered system and an affordability factor scoring criteria.
- **Prioritizing Communities for PF:** Only projects on the Subsidies Priority List are eligible for PF loans.

Funds for Principal Forgiveness and Set-asides

- **Amount of the Base Grant that is Allocated for PF:** MDEQ does not specify the amount of the base grant that is allocated to PF.
- **Amount of Federal Grants Being Set Aside:** Of the \$17,357,000 in cap grant funds available for FFY-2023 (MDEQ factors FY-22 and FY-23 funds in this calculation), the state is setting aside \$860,360 for administration and the Clean Water Act Section 604(b) Reserve. Of the \$35,166,000 in BIL supplemental grant funds available for FFY-2023, the state is setting aside \$1,744,560 for administration and Clean Water Act Section 604(b) Reserve. The state has also set aside \$41.6 million for the Subsidy Priority list and \$13.4 million for the Green Project Reserve, but has not specified the proportion of cap grant and BIL supplemental funds that these amounts represent.

DWSRF Lead Service Line Replacement (LSLR) Program

Overview

- **Purpose:** Identifying, planning, designing, and replacing entire lead service lines including the development or updating of lead service line inventories and nonroutine lead sampling (not for compliance purposes).
- **Eligibility:** Program applicants must be public entities that are seeking to identify, plan, design, and replace entire lead service lines

Assistance Types and Terms

- **Kinds of Assistance:** The LSLR program provides standard loans and principal forgiveness (PF) loans. The maximum loan and PF loan amounts are \$5,000,000 and \$3,500,000 (or 70% of the project budget), respectively.
- **Interest Rates and Length of Loans:** Loans are available at a 0% interest rate, with a repayment term ranging from 5–30 years depending on the project. For disadvantaged communities, loan repayment can take up to 40 years.

- **Definition of Disadvantaged Communities:** MSDH’s definition of disadvantaged communities is implied in their IUP’s eligibility criteria for PF.
 - **Factors Considered:** The only factor considered for PF loans is Median Household Income (**MHI**).
 - **Ranking:** The percentage amount of PF that an applicant receives is based on how the MHI in their area compares to the whole of Mississippi’s. Service areas with a comparatively lower MHI will receive a higher percentage of PF.
 - **Spatial Boundaries:** Spatial boundaries are not considered (in terms of population demographics). All applications are reviewed based on the demographics of their entire service area population.
- **What is PF used for?**
 - PF loans are offered only to disadvantaged systems.

Key Dates and “Ready to Proceed” Criteria

- **Conditions Applicants Need to Meet:** Applicants must submit a complete facilities plan by January 2nd, a complete loan application and all associated documents by May 1st, and submit all approvable documents and responses to comments for review and approval by August 1st.
- **Public Notice and Comment:** MSDH provides a public notice period of at least 25 days for review and comment on the IUP before any oral proceeding. The public comment period for FFY-2023 spanned from July 3rd to July 28th.

Prioritizing Who and What Receives Assistance

- **Priority System:** Projects are prioritized in the order of their ability to address the most serious health risks, in the DWSRF priority system categories III and XIII.
- **Priority Ranking:** Within each project category, projects are ranked based on a priority point system, which factors in the project’s benefit relative to its cost, the affordability need of the applicant’s community, the applicant’s participation in assistance programs, and whether the applicant has an asset management plan.
- **Prioritizing Communities for PF:** Disadvantaged systems are prioritized for PF loans based on their ranking in the priority system.

Funds for Principal Forgiveness and Set-Asides

- **Amount of the Base Grant That is Allocated for PF:** Of the \$30,518,000 in cap grant funds available for FFY-2022, the State is allocating \$14,953,820 (49%) for PF (this set-aside amount is required by the BIL LSLR Cap Grant).
- **Amount of Federal Grants Being Set Aside:** Of the \$30,518,000 in cap grant funds available, the state is allocating \$5,415,173 for administration, small system technical assistance, and local assistance and other state programs.

DWSRF and CWSRF Emerging Contaminants (EC) Program

Overview

- **Purpose:** To reduce exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants through drinking water and to help address discharges through wastewater and, potentially, nonpoint sources.
- **Eligibility:** Program applicants must be public entities that are seeking to address emerging contaminants in drinking water.

Assistance Types and Terms

- **Kinds of Assistance:** The EC fund provides 100% principal forgiveness loans to all applicants, with a maximum loan amount of \$5,000,000.
- **Interest Rates and Length of Loans:** All loans have a 0% interest rate for the small amount of interest accrued before principal forgiveness is applied. The repayment period for the interest accrued is 5 years.
- **Definition of Disadvantaged Communities:** There is no explicit definition of disadvantaged communities.
- **What is PF Used For?**
 - PF loans are offered to all awardees.

Key Dates and “Ready to Proceed” Criteria

- **Conditions Applicants Need to Meet:** Applicants must submit a complete facilities plan by January 2nd, a complete loan application and all associated documents by May 1st, and submit all approvable documents and responses to comments for review and approval by August 1st.
- **Public notice and comment:** MSDH provides a public notice period of at least 25 days for review and comment on the IUP before any oral proceeding. The oral proceeding for FFY-2023 was held on July 28th.

Assistance Types and Terms

- **Priority System:** Projects are generally prioritized in the order of their ability to address the most serious health risks, and whether they address PFAS (among other emerging contaminants).
- **Priority Ranking:** Within each project category, projects are ranked based on a priority point system, which factors in the project’s benefit relative to its cost, the affordability need of the applicant’s community, the applicant’s participation in assistance programs, and whether the applicant has an asset management plan.
- **Prioritizing Communities for PF:** All awards in the EC program are PF loans.

Funds for Principal Forgiveness and Set-Asides

- **Amount of the Base Grant That is Allocated for PF:** Of the \$8,133,000 in funds available, the state is allocating \$6,523,277 for 100% PF loans.
- **Amount of Federal Grants Being Set Aside:** Of the \$8,133,000 in funds available, the state is setting aside \$1,609,723 for administration, small system technical assistance, and local assistance and other state programs.

Key Recommendations

- 1. Leveraging and Financial Analysis—DWSRF Program**
 - Employ bond market leveraging and utilize financial analysis tools for effective risk management, ensuring sustainable leverage ratios
- 2. Principal Forgiveness Loans—DWSRF and LSLR Programs**
 - Reform eligibility criteria to include multiple affordability factors for more equitable distribution
- 3. Lead Service Line Inventories**
 - Fully utilize set-aside funds for lead service line inventories, aiding in more efficient project identification and execution
- 4. Technical Assistance—CWSRF Program**
 - Maximize technical assistance set-asides to address local capacity constraints and expedite project progression
- 5. Emerging Contaminants—CWSRF Program**
 - Apply for and strategically reallocate funds for addressing clean and drinking water emerging contaminants
- 6. Green Infrastructure—CWSRF Program**
 - Enhance support through technical assistance and expand eligibility criteria to encourage green infrastructure project applications
- 7. Principal Forgiveness Caps—DWSRF Program**
 - Implement a tiered system for principal forgiveness, adjusting caps based on project size and community need
- 8. Public Engagement—All Programs**
 - Increase transparency and engagement through educational webinars and community workshops

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