Fact Sheet

Future Small Community Wastewater (SCWW) Funding Projections

For State Fiscal Year (FY) 2027-2028

Each FY (July – June) a new Clean Water State Revolving Fund (CWSRF) Intended Use Plan (IUP) is adopted that describes the State Water Resources Control Board's (State Water Board's) plan for implementing the CWSRF and its complementary and supplementary funding sources. This fact sheet outlines potential future changes to SCWW Funding that could appear in the Fiscal Year 2027-2028 IUP based on current projections.

Limited Funds

In the current FY 2026-2027 IUP, approximately $268 million is available in grants and principal forgiveness (PF) for SCWW projects. For the upcoming 2027-2028 FY, available grant/PF for SCWW projects is expected to significantly decline to less than $100 million, possibly as low as $30 million. This may mean that, for the 2027-2028 FY:

- Fewer projects will receive grants/PF; more projects will be offered low-interest loans to supplement grants/PF or in lieu of grants/PF;
- Existing projects may not receive additional grants/PF for budget overruns or bids that exceed the engineer's estimate, or may be offered low-interest loans for cost increases; and
- Grant/PF funding limits may be much lower.

Shifting Program Priorities

The draft 2027-28 CWSRF IUP has not yet been developed and the final draft must be approved by the State Water Board, but Division of Financial Assistance (DFA) staff anticipate prioritizing SCWW funding for projects that address water quality impacts and permit violations. The State Water Board may also prioritize projects that serve severely disadvantaged communities, and those that provide matching funds from an outside source.

What Funding Applicants Can Do

- Consider requesting technical assistance through the United States Environmental Protection Agency's (USEPA's) Real Water Technical Assistance Program and participating in the Closing America's Wastewater Access Gap initiative. These

USEPA programs may be able to assist with planning, design, and applying for CWSRF funding.

- Continue to apply and "lock in a place in line" for grants/PF and/or CWSRF loans.
- Interested parties are encouraged to prepare for a CWSRF loan. This may mean updating audited financial statements, conducting a rate study, and/or raising wastewater rates. Septic-to-sewer projects that cannot use existing wastewater fees to repay a loan may consider forming an assessment district(s) so that only those who benefit from a project will contribute to loan repayment.
- For applicants interested in septic-to-sewer projects, be ready to justify proposals by demonstrating a clear water quality impact from the existing septic systems.
- The State Water Board is one of six state and federal agencies that are part of the California Financing Coordinating Committee (CFCC). The CFCC provides a one-stop shop for available grants, loans and bond financing for infrastructure projects. Interested parties are encouraged to fill out a Common Funding Inquiry Form with basic project details and all member agencies will follow up with potential funding programs available for their proposed project.
- Consider alternative funding programs (outside of the State Water Board), such as:
    - California Department of Housing and Community Development's (HCD's) Community Development Block Grants (CDBG)
    - U.S. Department of Agriculture's (USDA's) Rural Decentralized Water Systems Grant Program
    - USDA's Single Family Housing Repair Loans & Grants
    - USDA's Single Family Housing Direct Home Loans
    - You may also check California's https://www.grants.ca.gov/ and the federal government's https://grants.gov/ for other funding opportunities.