

APPENDIX D

FEDERAL AND STATE FUNDING



SC DEPARTMENT of
ENVIRONMENTAL
SERVICES

DRAFT

Appendix D. Federal and State Funding

Federal Funding

Existing federal funding sources may be leveraged to promote implementation. For example, the U.S. Environmental Protection Agency's (EPA's) Water Infrastructure Finance and Innovation Act program offers funding to support eligible water and wastewater infrastructure projects including those related to drought prevention, reduction, and mitigation. Other funding to support drought mitigation efforts may be available through the Federal Emergency Management Agency's (FEMA's) Hazard Mitigation Grant Program (HMGP). **Table 1** summarizes the federal funding sources available for public water suppliers at the time this Plan was prepared in October 2025.

The U.S. Department of Agriculture (USDA) offers numerous programs for farmers and ranchers to reduce risk from drought or to restore land impacted by drought. The Farm Bill has authorized several programs to provide relief to farms and ranches experiencing drought, including the Federal Crop Insurance Program; the Emergency Conservation Program; the Pasture, Rangeland, and Forage Program; and the Livestock Forage Disaster Program. In addition, the Environmental Quality Incentives Program (EQIP) provides assistance to farm operations that implement water conservation measures. Some EQIP assistance is targeted toward water-conserving efforts in drought-prone regions through the WaterSMART Initiative, a collaboration between the USDA and the U.S. Department of the Interior's Bureau of Reclamation. **Table 2** summarizes these and the other existing USDA funding sources available at the time this Plan was prepared in October 2025.

Table 1. Federal funding sources for water utilities.

Agency	Program	Grant/Loan Funds Available	Description
U.S. Economic Development Administration (EDA)	U.S. EDA Grants	No limit (subject to federal appropriation)	EDA's Public Works Program and Economic Adjustment Assistance Program aids distressed communities by providing funding for existing physical infrastructure improvements and expansions.
EPA	Water Infrastructure Finance and Information Act	Up to 49% of eligible project costs (minimum project size is \$20 million for large communities and \$5 million for small communities)	A federal credit program administered by EPA for eligible water and wastewater infrastructure projects, including drought prevention, reduction, and mitigation.
USDA Rural Development	Section 502 Direct Loan Program	Loans based on individual county mortgage limits	Loans are available for wells and water connections in rural communities. Availability is based on community income.
USDA Rural Utilities Service	National Rural Water Association Revolving Loan Fund	\$100,000 or 75% of the total project	Provides loans for pre-development costs associated with water and wastewater projects and for existing systems in need of small-scale capital improvements.

Table 1. Federal funding sources for water utilities (continued).

Agency	Program	Grant/Loan Funds Available	Description
USDA Rural Development	Emergency Community Water Assistance Grants	Up to \$100,000 or \$1,000,000 depending on the type of project	Offers grants to rural areas and towns with populations of 10,000 or less to construct water extensions; repair breaks or leaks; address maintenance necessary to replenish the water supply; or construct a water source, intake, or treatment facility.
FEMA	HMGP	Variable	Provides funds to states, territories, tribal governments, and communities for hazard mitigation planning and the implementation of mitigation projects following a presidentially declared disaster event.
U.S. Army Corps of Engineers (USACE)	Planning Assistance to States	Variable—funding is 50% federal and 50% nonfederal	USACE can provide states, local governments, and other nonfederal entities assistance developing comprehensive plans for the development, use, and conservation of water resources.
SCDES, South Carolina Rural Infrastructure Authority	Drinking Water State Revolving Fund	Congress appropriates funding for the Drinking Water State Revolving Fund that is then awarded to states by EPA based on results of the most recent Drinking Water Infrastructure Needs Survey and Assessment	This program is a federal-state partnership aimed at ensuring that communities have safe drinking water by providing low-interest loans and grants to eligible recipients for drinking water infrastructure projects.
SCDES, South Carolina Rural Infrastructure Authority	Clean Water State Revolving Fund	Congress appropriates funding for the Clean Water State Revolving Fund that is awarded to states by EPA.	This program is a federal-state partnership that provides funding for water quality infrastructure projects including wastewater treatment facilities, nonpoint source pollution control, stormwater runoff mitigation, and water reuse.

Table 2. USDA assistance programs for agricultural operations and rural communities.

Agency	Program	Description
Risk Management Agency (RMA)	Crop Insurance	Provides indemnity payments to growers who purchased crop insurance for production and quality losses related to drought, including losses from an inability to plant caused by an insured cause of loss.
RMA	Pasture, Rangeland, and Forage Program	Offers farmers and ranchers financial support to replace lost income from forage losses caused by lower-than-average rainfall.
Farm Service Agency (FSA)	Conservation Reserve Program Haying and Grazing	Provides for emergency haying and grazing on certain Conservation Reserve Program practices in a county designated as D2 (severe drought) or higher on the United States Drought Monitor, or in a county where there is at least a 40% loss in forage production.
FSA	Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program	Provides assistance to eligible owners of livestock and producers of honeybees and farm-raised fish for losses.
FSA	Emergency Conservation Program	Provides funding and technical assistance for farmers and ranchers to restore farmland damaged by natural disasters and for emergency water conservation measures in severe droughts.
FSA	Emergency Forest Restoration Program	Provides funding to restore privately owned forests damaged by natural disasters. Assistance helps landowners carry out emergency measures to restore forest health on land damaged by drought disasters.
FSA	Farm Loans	Provides emergency and operating loans to help producers recover from production and physical losses from natural disasters and can pay for farm operating and family living expenses.
FSA	Livestock Forage Disaster Program	Offers financial support to livestock producers who experience grazing losses owing to qualifying drought conditions or fire on federally managed lands. Payments compensate for lost grazing opportunities and additional feed costs incurred because of the disaster.
Natural Resources Conservation Service (NRCS)	EQIP	Provides agricultural producers with financial resources and assistance to plan and implement improvements on the land in support of disaster recovery and repair and to help mitigate loss from future natural disasters. Assistance may also be available for emergency animal mortality disposal from natural disasters.
NRCS	Emergency Watershed Program (Recovery)	Offers vital recovery options for local communities to help people reduce hazards to life and property caused by droughts.
Rural Development	Emergency Community Water Assistance Grants	Offers grants to rural areas and towns with populations of 10,000 or less to construct waterline extensions; repair breaks or leaks; address maintenance necessary to replenish the water supply; or construct a water source, intake, or treatment facility.

State Funding and Support of Grant Opportunities

South Carolina legislature could also consider developing a dedicated funding source for implementing water management strategies. Numerous other states have developed funding programs, which serve as examples. The state water funding programs described below range from minimally funded programs intended to incentivize implementation, such as Georgia's Regional Water Seed Grant Program, to robustly funded, multi-purpose grant and loan programs administered by the Colorado Water Conservation Board (CWCB).



Georgia

[The Georgia Regional Water Seed Grant Program](#) is a state-funded initiative designed to support and incentivize local governments and water users in implementing Regional Water Plans. Administered by the Georgia Environmental Protection Division, the program offers grants of up to \$75,000 for projects that address the water management practices recommended in their regional plans.

Eligible applicants include local and state government units, school systems, universities, and regional commissions. To qualify, applicants must attend a pre-application meeting and submit proposals endorsed by a Water Planning Council representative. Projects must be completed within 30 months, and recipients are required to provide a minimum 40 percent match, with at least 10 percent in cash. The program aims to enhance water resource management across Georgia by funding practical, locally-driven solutions.



Missouri

[The Missouri Multi-Purpose Water Resources Fund](#) is a statewide financial assistance program administered by the Missouri Department of Natural Resources. The fund, which currently has a \$125 million balance and receives quarterly deposits of \$7.5 million, supports the planning, design, construction, and renovation of public water supply, treatment, and transmission facilities. It is specifically aimed at projects that ensure long-

term, reliable water access, particularly in areas with demonstrated need. The program emphasizes leveraging state funds with federal and other sources, and encourages sustainable, scalable solutions that can reinvest in the fund over time. Eligible applicants include political subdivisions and wholesale water supply districts, which must submit a comprehensive water resource development plan for approval. Funding is typically provided on a reimbursement basis for completed project tasks.



Colorado

Established to guide water policy and ensure sustainable water use for future generations, the [CWCB](#) offers a variety of financial assistance options including loans and grants for water-related projects. Funded projects include infrastructure development, conservation initiatives, public outreach, and emergency drought response. The CWCB's

funding programs include Water Project Loans, Water Plan Grants, Water Supply Reserve Fund Grants, and specialized initiatives like the Turf Replacement Program and Public Education and Outreach Grants. Recent legislative actions have allocated hundreds of millions of dollars to support statewide water infrastructure, drought planning, watershed restoration, and innovative forecasting. For example, in 2024, \$220 million was allocated, including \$165 million in loan funds and \$23 million in Water Plan Grants supported by sports betting tax revenue. In 2025, approximately \$67 million was earmarked for similar efforts, reinforcing Colorado's commitment to a resilient and sustainable water future.