

Investing in Kentucky

The Importance of the State Revolving Funds

October 2026 rev.0.0

KY Water Infrastructure Needs

Much of Kentucky's water infrastructure is reaching the end of its usable life (~50 years). Repairing and maintaining these systems is critical to the health and safety of our families, the growth of our communities, and our quality of life.

As our infrastructure ages, increased investment is needed. The Clean Water (wastewater) and Drinking Water State Revolving Funds (CWSRF and DWSRF) represent the largest source of federal funding for water infrastructure. These funds support communities by increasing their financial capacity to take on large water infrastructure projects. But the future of these funds is in jeopardy.

State Revolving Fund Cuts

Over the last five years, Congress has diverted \$5.37 billion from the SRFs nationwide to pay for congressionally directed spending (CDS) and community project funding (CPF). These diversions not only limit the improvements that can be made to water systems, but also limit the interest the fund earns to keep it sustainable.

Congress has diverted more than
\$67 Million
in annual federal funding from
Kentucky SRF Program since 2021



**\$7.8
BILLION***

Needed to repair Kentucky's
Drinking Water Infrastructure
by 2035

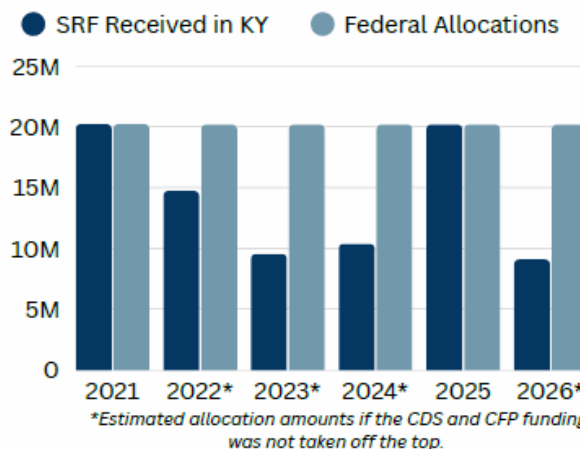


**\$7.4
BILLION***

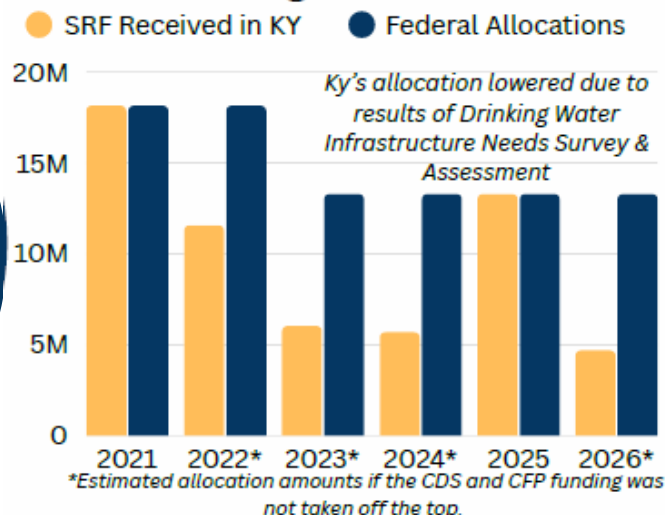
Needed to repair Kentucky's
Clean Water Infrastructure
by 2035

**Based on survey data from 2023*

Clean Water SRF



Drinking Water SRF



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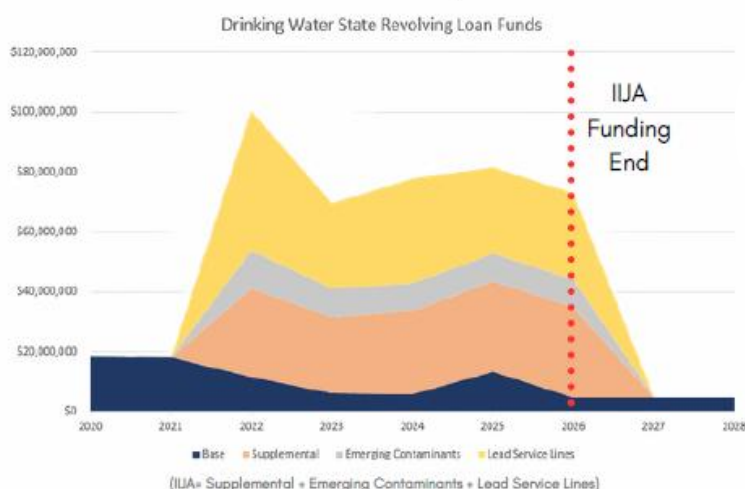
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The Approaching Cliff

With the passage of the Infrastructure Investment and Jobs Act (IIJA) in 2021, Kentucky received an increase in SRF of \$514 million. However, the IIJA ends this year and a funding cliff for affordable financing poses a looming threat to water infrastructure.

The loss of this funding combined with historic trends of declining allocations and diversions to CDS and CPF put critical water infrastructure and the communities that depend on it at risk.



Why It Matters

If reductions of SRF funding continue, it could result in additional barriers for water infrastructure projects as funding shortfalls prevent completion of work critical to Kentucky's public health and economic development.

Benefits of SRF Investment

SUSTAINABLE COMMUNITIES:

Investment in water infrastructure protects public health, property, and quality of life.



COST SAVINGS:

Investing in infrastructure before it breaks down is less costly and reduces property loss.



JOB CREATION:

For every \$1 million invested in infrastructure, 15 jobs are created.



FOR MORE INFORMATION:



Kentucky
Division of Water