

FACT SHEET: NORTH CAROLINA'S FEDERAL WATER FUNDING

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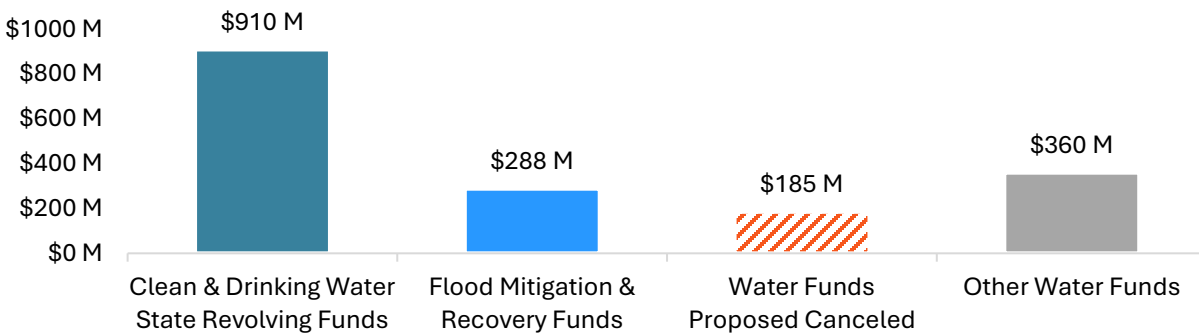
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North Carolina Granted \$1.7 billion in Water Funding to Date

The Infrastructure Investment & Jobs Act (IIJA) and the Inflation Reduction Act (IRA) provided critical public investment in water infrastructure for North Carolina, improving water quality and access across the state. Through December 2025, over \$1.7 billion in funding has supported flood response and mitigation activities as the state recovers from [devastating natural disasters](#) that have impacted water infrastructure.¹ Federal agencies have attempted to cancel \$185 million—or 11 percent—of the \$1.7 billion.

Figure 1. Breakdown of major IIJA & IRA water funding in North Carolina



Funding allocations shown here came from multiple programs. Funding breakouts are listed in the sections below.

Source: [Water Program Portal Outcomes Dashboard](#) as of December 31, 2025

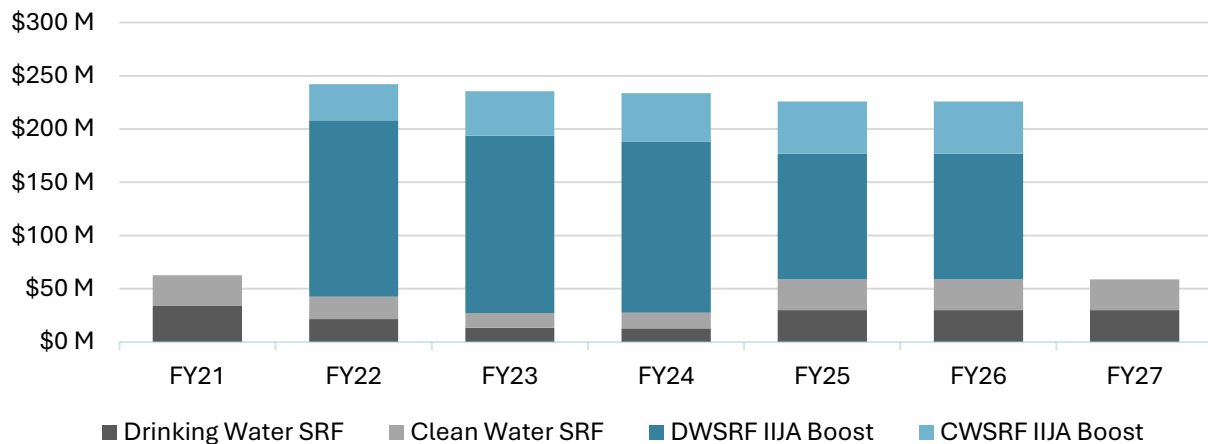
¹ Unless otherwise stated, all funding amounts are sourced from the Water Program Portal [Outcomes Dashboard](#), which tracks only IIJA and IRA program funding and therefore does not include other sources of funding. The data in this fact sheet is through December 2025.

Improving Water Quality is a Top Priority in North Carolina

North Carolina faces a variety of challenges impacting the state's drinking water systems, including aging infrastructure, emerging contaminants like perfluoroalkyl and polyfluoroalkyl substances (PFAS) pollution, and lead pipes. To help address this, North Carolina was granted over \$910 million via the Clean and Drinking State Revolving Funds (CWSRF and DWSRF) to improve drinking water supply, reduce contaminants, replace lead pipes, and restore watersheds across the state.² Most of the funding, about \$721 million, came from the DWSRF, including:

- \$355 million for the installation of water infrastructure like new wells and water tanks to improve access and storage;
- \$279 million for the replacement of lead pipes with non-contaminating alternatives; and
- \$87 million for reductions of PFAS contamination in water sources.

Figure 2. Federal support for the SRFs in North Carolina has increased since 2022



An additional \$43 billion was appropriated for the SRFs by IIJA and is being distributed nationally each year through FY26. The funds for FY26 in the chart reflect projected allocations from IIJA funding. FY26 and FY27 base funding for the Drinking Water and Clean Water State Revolving Funds (DWSRF and CWSRF) are unconfirmed but we assume the same funding level as FY25.

Source: [Water Program Portal](#) Outcomes Dashboard, the Water Program Portal [North Carolina SRF Factsheet](#), and EPA's State DWSRF and CWSRF Allotments (2022-2025)

Despite this historic investment, more funding will be required to meet the state's [\\$20 billion](#) drinking water investment need and [\\$21.1 billion](#) in wastewater investment need over the next two

² Boosts to the SRFs went to the IIJA DWSRF and CWSRF General Supplemental Funding, DWSRF Lead Service Line Funding, and DWSRF and CWSRF Emerging Contaminants Funding.

decades. When the funding boost provided by IIJA expires in fiscal year (FY) 2027, North Carolina's SRF could return to pre-IIJA levels (Figure 2). Advocates will push for [maintaining this level of funding](#) when Congress votes on the Transportation Infrastructure Reauthorization.

Hurricane Helene Made Flood Recovery and Mitigation a Focus

In September 2024, North Carolina was hit by Hurricane Helene, the [single deadliest storm](#) in the state's history, resulting in 107 deaths and nearly [\\$54 billion](#) in damages. North Carolina's Office of State Budget and Management identified up to [\\$5.8 billion](#) in potential investments to strengthen and mitigate against further storm damage. Through December 2025, the state has been granted about \$288 million from IIJA and IRA for flood mitigation and recovery, mainly from the Federal Emergency Management Agency (FEMA), and the U.S. Department of Transportation.³

In 2025, FEMA attempted to cancel over \$23 million (nearly 10 percent) of the mitigation-related funding, much of which is dedicated to mitigation against future flooding and disaster. Almost all that funding is from the Building Resilient Infrastructure and Communities (BRIC) program. However, in March 2026, the U.S. District Court in Massachusetts [ordered](#) FEMA—which oversees the BRIC program—to reinstate frozen funds following a similar order in December. FEMA has since [announced](#) plans to resume the program, complying with the courts. One unobligated Investing in Coastal Communities and Climate Resilience grant awarded to the North Carolina Wildlife Resources Commission was canceled as part of the [rescission](#) of NOAA's IRA programs in [H.R. 1](#).

Agencies Attempt to Cancel \$185 Million

Most of the state's canceled funding comes from EPA's Environmental Climate Justice Grants program. Over \$162 million from the program has been canceled in North Carolina; awardees recently [appealed the decision](#). The canceled awards include Community Change grants, Thriving Communities Grantmaking grants, and others to non-profit organizations and governments. This funding would have supported efforts to address air quality issues, improve Tribal decision-making coordination, remove debris and derelict vessels from coastal areas, and conserve key coastal and wetland ecosystems. Over half of the funding proposed to be canceled, \$120 million, was for two Environmental Justice Thriving Communities Grantmaking grants awarded to the Research Triangle Institute. The canceled funding was to establish a grant program across the Southeast and the Great Plains (Iowa, Kansas, Missouri, and Nebraska) to help underserved communities address a variety of [health and environmental challenges](#). Eligible projects were to include cleanups, emergency preparedness and disaster resiliency programs, workforce development programs, air quality and asthma-related work, healthy homes programs, and efforts to address illegal dumping.

³ This funding included awarded projects from the following programs: Local and Regional Project Assistance Grants, Flood Mitigation Assistance Grants, Flood and Inundation Mapping and Forecasting, Water Modeling, and Precipitation Studies.