

Clean Water State Revolving Fund (CWSRF)

Affordability Policy

The Water Resources Reform and Development Act of 2014 (WRRDA) amended sections of the Federal Water Pollution Control Act (FWPCA) that impact the Clean Water State Revolving Fund (CWSRF) loan program administered by Vermont's Department of Environmental Conservation. Section 603(i) was added requiring States to establish affordability criteria to assist in identifying municipalities that would experience a significant hardship raising the revenue necessary to finance a project or activity eligible under the CWSRF program if additional subsidization is not provided. The amendment requires States to establish the affordability criteria not later than September 30, 2015, and after providing notice and an opportunity for public comment. It also requires that the criteria be based on income and unemployment data, population trends, and other data determined relevant by the State, including whether the project or activity is to be carried out in an economically distressed area as described in Section 301 of the Public Works and Economic Development Act of 1965.

Methodology:

There are three ways to qualify for subsidy under Vermont's affordability criteria. First, compare the community's Median Household Income (MHI) to the State Average Median Household Income (SAMHI). If the applicant's community MHI is equal to or less than the SAMHI, the project qualifies as a hardship municipality, and is eligible for subsidy.

At the discretion of an applicant municipality, an income survey can be performed in lieu of the census data to establish the MHI. MHI shall be based on recommendations of an independent contractor hired by the municipality and approved by the Secretary. The determination of the Secretary shall be final.

Second, if the applicant's community's MHI divided by the SAMHI is between 101% and 120%, the project qualifies for subsidy if the communities' population data from the most recent two census surveys shows a population decline of 5% or more (i.e. $2010 \text{ Population} \div 2000 \text{ Population} = 95\%$ or lower).

Third, if the applicant community's MHI divided by the SAMHI is between 101% and 120%, the project qualifies for subsidy if the communities' unemployment number is higher than the State's unemployment number.

Resources Required:

As indicated above, income measurements are determined using Median Household Income. This information will be obtained from the American Community Survey's most recent 5-year rolling average MHI using the most current data available on the date the corresponding IUP year was finalized.

Unemployment data will be based on the most recent statewide unemployment figures and compare to the municipality's current unemployment figure. This data will also be obtained from the current ACS data.

Population decline will be determined by analyzing the most recent two US Census population numbers.

The procedures for conducting and approving income surveys and the requisite record keeping will be in accordance with the Vermont Drinking Water State Revolving Fund's (DWSRF) established Guidance Document #11: Median Household Income Determination.

Allocation of Additional Subsidy:

The WRRDA requires States to establish affordability criteria that help in identifying municipalities that would experience a significant hardship in raising the necessary project revenues. The amount of additional subsidization does not have to be specified in the affordability criteria. The States have the flexibility to offer from 0% to 30% of the State's capitalization grant. The Department believes that the establishment of the amount of additional subsidy that is offered should be determined on an annual basis when the Intended Use Plan is developed or in a subsequent amendment. Subsidy can be based on the above referenced affordability criteria and/or by project type to implement a process, material, technique, or technology to address water-efficiency goals, energy-efficiency goals, for mitigation of stormwater runoff, or to encourage sustainable project planning, design, and construction.