

TAKE ACTION ON STATE WATER FUNDS

State Revolving Funds help keep water safe and affordable, but action is needed to ensure dollars reach those most in need.

Illinois uses the Drinking Water State Revolving Fund (DWSRF) to award funding for major water infrastructure projects in communities. Use this guide to provide public comment, which is usually in **June**, on Illinois' scoring process and disadvantaged community eligibility criteria.

Problems and Solutions

Burdensome Process to Update Policy

Scoring and Disadvantaged Community Criteria should be taken out of statute, a complex and lengthy process to update, and placed within the Intended Use Plans, which allows for annual review and improvements. The Illinois criteria were last updated in 2019 despite the U.S. EPA's recommendation of a dynamic, annual process to keep up with best practices and changing financial needs.

Scoring Criteria Does Not Protect Local Autonomy and Assets

The project application scoring prioritizes consolidation and regionalization, but there are no safeguards in place to protect local oversight, governance, and ownership of assets. Without protections, these processes can result in loss of revenue, property, and local power.

For systems with existing community governance (municipal and other systems), consolidation points should be awarded only if all communities that will have a system shuttered have held a resident vote (referendum) indicating their approval to consolidate their system, resulting in a system being shuttered.

Small Population Bias

Small communities may not have the staff or knowledge to apply for state revolving funds, which is why all states offer targeted small system technical assistance. Giving small to mid-sized communities priority in the scoring system is not inclusive of all disadvantaged communities. We recommend prioritizing small communities for technical assistance and removing the population limit to be considered a disadvantaged community.

Investor-Owned Utilities

Communities that may otherwise qualify for disadvantaged community benefits are not allowed to access these funds in Illinois if their water system has been bought by a private, for-profit company. Research shows rates are higher than those of public utilities'. Unaffordable water in private systems will only get worse without access to the state revolving funds. We recommend that if this changes, that income-based water affordability protections for local rate-payers must be put in place.

Weak Criteria to Identify Disadvantaged Communities

Small Population Bias

Illinois' criteria only allow communities with populations under 25,000 to qualify. While small populations are statistically less likely to receive state revolving funds, a population limit is not inclusive of all disadvantaged communities. Small communities should be prioritized through targeted outreach and additional funds for technical assistance.

Median Household Income (MHI)

MHI is a poor statistic to identify low-income populations that state revolving funds should target because MHI is easily influenced by some residents with higher incomes. Instead, state revolving fund criteria should consider the percentage of a community's population that falls below 200% of the federal poverty level. This measure represents the actual number of low-income households in a community.

Environmental Justice

Illinois' DWSRF program does not meaningfully address environmental justice (EJ) conditions in the state. Yet, research has affirmed that existing environmental hazards and low-income populations in the community impact the need for water quality and affordability.

However, Illinois has developed a mapping tool called "Illinois EPA EJ Start" that highlights low income and minority populations. It is highly recommended that the Illinois EPA apply this tool to its disadvantaged community definition or scoring criteria in order to direct funding to areas that have experienced cumulative impacts of pollution and historical disinvestment.

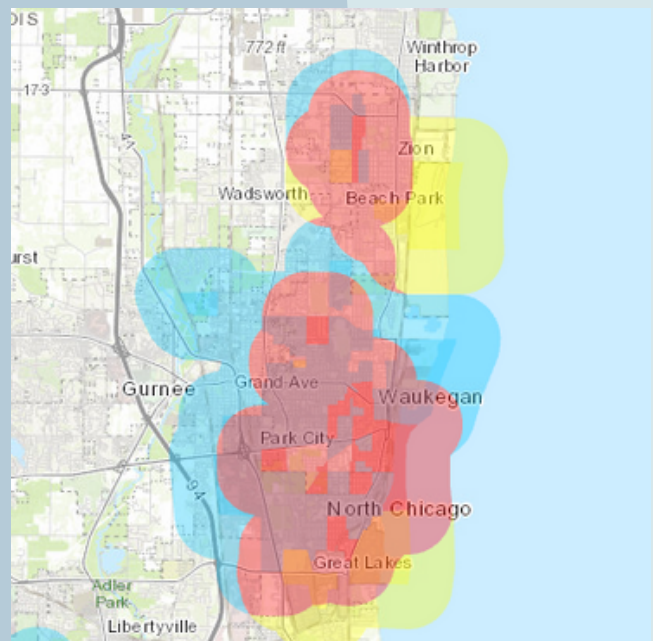


Image above is an example of the EJ Start Map, showing Northeast Illinois.

Source: <https://tinyurl.com/ILEPAEJStart>