

# TAKE ACTION ON STATE WATER FUNDS

The Michigan Drinking Water State Revolving Fund helps keep water safe and affordable, but action is needed to ensure dollars reach those most in need.

Drinking Water State Revolving Fund (DWSRF) programs do not currently incorporate environmental justice criteria, which is needed to ensure money reaches those that need it most due to legacy pollution. Recent state changes to the DWSRF fall short of EPA's recommendations. This guide includes advocacy points for improvement in Michigan's DWSRF program. Public comment usually occurs in the **summer or early fall**.

## Problems and Solutions

### *Legislative Limit on Updates*

Scoring and Disadvantaged Communities Criteria needs to be updated each year, but a new Michigan law does not allow annual updates unless the U.S. EPA directs it. This law needs to be updated to remove this barrier to automatic annual review, which the U.S. EPA strongly recommends. Without an update in 2023 or 2024, the one-in-a-lifetime influx of dollars may run out before it can reach the communities that need it most.

### *Public Participation*

Michigan has incorporated recent changes that makes the application process easier, however, additional improvements are required to ensure procedural justice. It is recommended that draft IUP release dates are published online, public comment periods last 30 days, EGLE respond to and publishes public comments, and incorporates public feedback when appropriate.

### *Justice 40 Transparency*

The Intended Use Plans should include the total percent of funding provided to disadvantaged communities to ensure the federal directive that says 40% of SRF funding will go to disadvantaged communities.

### *Scoring Criteria Does Not Protect Local Autonomy*

Michigan's criteria 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 (i.e. municipal and other systems), consolidation points should be awarded only if all communities that will have a system shuttered have held a referendum indicating their approval to consolidate their system, resulting in a system being shuttered. The agreements leading to a referendum must be communicated to the public.

### **Weak Criteria to Identify Disadvantaged Communities**

Median Annual Household Income (MAHI) is a poor statistic to identify low-income populations that state revolving funds should target because MAHI is easily influenced by residents with higher incomes. Instead, DWSRF 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.

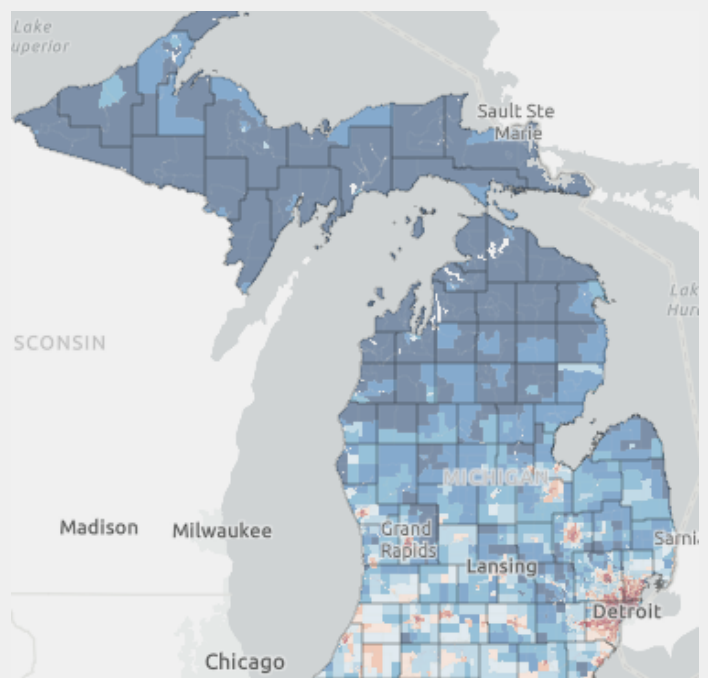
We also have concerns about the decision to use *taxable value per capita*, a measure of local financial strength based on property taxes, as one of the criteria. It has not been used before as an accurate measure of affordability challenges, and like MAHI, it is a number easily influenced by wealthier residents which can hide the need for funding assistance.

### **Environmental Justice**

Michigan's 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. EJ mapping tools can compile and visualize such data at the state-wide level.

Michigan's Department of Environment, Great Lakes, and Energy currently has an EJ screening tool in development that should be used in disadvantaged community criteria. MiEJScreen combines socioeconomic and health data with information about environmental hazards in or near Michigan communities to generate a final EJ index.

### **MiEJScreen**



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