

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.

The Indiana Drinking Water State Revolving Fund (DWSRF) program does not incorporate environmental justice. Due to the impact of legacy pollution on drinking water quality, environmental justice policies help ensure that money reaches the communities that need it the most. Recent changes to Indiana's DWSRF program fall short of the U.S. EPA's recommendations. This guide includes recommended advocacy points for public comment on the annual intended use plan, which is released in **September** or **October**.

Problems and Solutions

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

Indiana's criteria prioritizes consolidation and regionalization, and consolidation is worth more points than disadvantaged community status. This is a problem because 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.

Higher Rates for Customers of Privately Owned Water Systems

Protections for communities with privatized water systems are needed because rates are more likely to be unaffordable in an investor-owned utility. Privatized water systems are also more likely to be a small community. Thus, when these communities qualify for state revolving funds, income-based water affordability protections for local rate-payers must be in place. Such protections are not currently available.

Weak Criteria to Identify Disadvantaged Communities

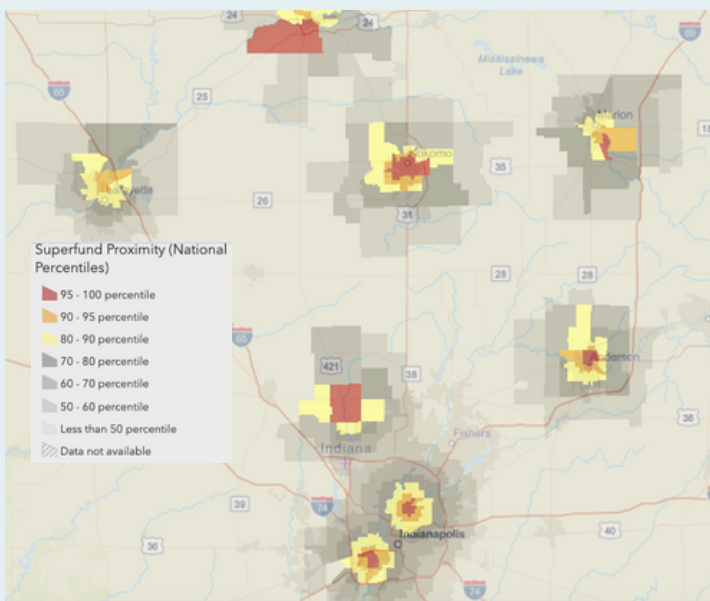
Median Annual Household Income (MAHI) is a poor statistic to identify low-income populations that state revolving funds should target because MHI is easily influenced by some residents with higher incomes. Instead, DWSRF criteria should consider the percentage of a community's population that falls below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

Low threshold for eligibility: Communities must meet only 1 of 5 criteria, which can make it easier for some communities to qualify (a good thing), but the existing criteria are poor for capturing communities with significant health, social, and racial disparities. This increases competition for subsidies and may end up rewarding communities with less cumulative need

Environmental Justice

Indiana's State Revolving Fund 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.

Freshwater Future recommends that the state utilize the U.S. EPA's [EJSCREEN](https://www.epa.gov/ejscreen) mapping tool to identify EJ areas of concern. Specifically, the EJ Indexes and Socioeconomic Indicators should be used as criteria. States must also meaningfully engage EJ communities to improve the scoring and disadvantaged communities criteria in the state program..



The image on the left shows a view of central Indiana, including Indianapolis near the bottom, that highlights areas of proximity to Superfund sites, an indicator of environmental contaminants in communities. Darker red indicates the highest percentile across national superfund sites.

Source:
<https://www.epa.gov/ejscreen>