

How will Ohio EPA apply the recently added Affordability Criteria under the Clean Water Act?

Based upon recent changes to the Clean Water Act [see Section 603 (i)(2)(A)], Ohio EPA is required to develop affordability criteria, and use that criteria to determine what communities or districts qualify for additional financial subsidy (i.e. principal forgiveness). These criteria must include, at a minimum, “...income and unemployment data, population trends, and other data determined relevant by the State...”

For years, Ohio EPA has used population size and median household income to determine which entities are classified as “hardship communities”. Subsequently, these communities qualified for a reduced interest rate on their wastewater State Revolving Fund (SRF) loan. After extensive consideration and analysis, we have determined that adding the following three socio-economic statistics to our current approach appropriately captures the intent of the new federal affordability requirement, without over-evaluating the concept of “hardship”:

- Unemployment rate using data from the most recent 24-month period.
- Per capita income.
- Percent population change.

As mentioned above, the Clean Water Act amendments give Ohio the authority to consider “other data determined relevant by the state.” We carefully evaluated several other criteria, such as percent living below poverty levels, percent of the population living on fixed incomes as represented by those over age 65, and Priority Investment Areas for 2015 [areas of economic distress that represent Ohio’s areas with economic adjustment problems, as designated by Ohio’s Development Services Agency]. But, we ultimately decided not to include them in our evaluation because there is a fair amount of data overlap between these criteria and the selected criteria listed above. Including them would not provide any additional value to the evaluation. The following table details the four proposed criteria:

Proposed Criteria	Program Value for 2016
1a. Median Household Income (MHI) for 0-75 th percentile for Ohio Incorporated Areas with populations ≤ 2,500	≤ \$49,432*
1b. MHI for 1-50 th percentile for Ohio Incorporated Areas with populations > 2,500	≤ \$46,047*
2. Unemployment Rate	> 1% over national average (10.7%)*
3. Per Capita Income	80% or less of national average, or \$22,524*
4. Percent Population Change since 1900.	≤ 66.17% change

*Values determined using data collected from the American Community Survey for 2009-2013. Income surveys will no longer be accepted as a source of MHI information.

Here's some additional background information for the three new criteria:

1. Unemployment rate – the rate above the national average defined as an “area” that has an unemployment rate that is, for the most recent 24 month period for which data are available, at least 1 percent greater than the national average unemployment rate;
2. Low per capita income – defined as an “area” with a per capita income of 80 percent or less of the national average.
3. Percent population change since 1900 – a percentage population change value corresponding to the 50th percentile as most statistically relevant to the question at hand. Other percentiles (25th and 90th) were also evaluated during our development of this procedure.

We have developed tables that list all the communities that meet these proposed criteria. These tables can be found on our web site. These tables rank communities in terms of their affordability criteria, and are meant to help Ohio's counties and incorporated areas decide whether or not to apply for possible additional financial subsidy as part of an SRF loan. Over the next 30 days, Ohio EPA will be accepting comments on this proposal and the lists of counties and incorporated areas as part of the project nomination period. Comments are to be submitted to: epa.defamail@epa.ohio.gov by August 31, 2015.