

How will Ohio EPA apply the Affordability Criteria under the Clean Water Act during Program Year (PY) 2018?

Based upon changes made to the Clean Water Act [see Section 603 (i)(2)(A)] in 2015, Ohio EPA developed affordability criteria, and first used those criteria in Program Year (PY) 2016 to determine which communities or districts qualified for additional financial subsidy (i.e. principal forgiveness). These criteria were required to include, at a minimum, "...income and unemployment data, population trends, and other data determined relevant by the State..." The following information updates how Ohio EPA proposes to implement affordability criteria in PY 2018.

For several 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. This will continue to be our affordability criteria starting point. In PY 2017, we determined that slightly modifying the approach we used in PY 2016, while retaining the following three additional socio-economic statistics, was needed to better capture the intent of the federal affordability requirement, without over-evaluating the concept of "hardship," as follows:

- Unemployment rate using data from the most recent American Community Survey (ACS) five-year dataset. This is consistent with the requirement that we use the most recent 24 months of data.
- Per capita income from the same, five-year ACS dataset, as the unemployment rate.
- Percent population change. We continue to use U.S. Census data to establish these figures at a county and community level.

As mentioned above, the Clean Water Act amendments gave Ohio the authority to consider "other data determined relevant by the state." In 2015, 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 how we propose to update the four proposed criteria for PY 2018:

Proposed Criteria	Program Value for 2018
1a. Median Household Income (MHI) for 0% Hardship Interest Rate Type (based on 75 th percentile for Ohio Incorporated Areas with populations ≤ 2,500)	≤ \$50,547*
1b. MHI for 1% Hardship Interest Rate Type (based on 50 th percentile for Ohio Incorporated Areas with populations between 2,501 and 10,000)	≤ \$46,948*
2. Unemployment Rate	≥ 9.3% (> 1% over national average) *
3. Per Capita Income	≤ \$23,144 (80% or less of national average) *
4. Percent Population Change since 1990.	≤ 150% change

*Values determined using data collected from the American Community Survey for 2011-2015.

Here's some additional background information for the updated criteria:

1. Unemployment rate – the rate above the national average (8.3%) 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 (9.3%).
2. Low per capita income – defined as an “area” with a per capita income of 80 percent or less of the national average of \$28,930 (\$23,144).
3. Percent population change since 1990 – The interval chosen is unchanged since PY 2017, as is the percentage. We found in 2016 that the difference between the number of communities and counties meeting the first three criteria (the hardship conditions, unemployment rate, and per capita income) and those meeting all four criteria, including the percent of population change, is relatively low. For that reason, we propose to continue to use a four criteria system.

We have developed a table that list all the communities and counties that meet these updated criteria. This table can be found on our web site. This table ranks 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.