

The background is a light blue gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

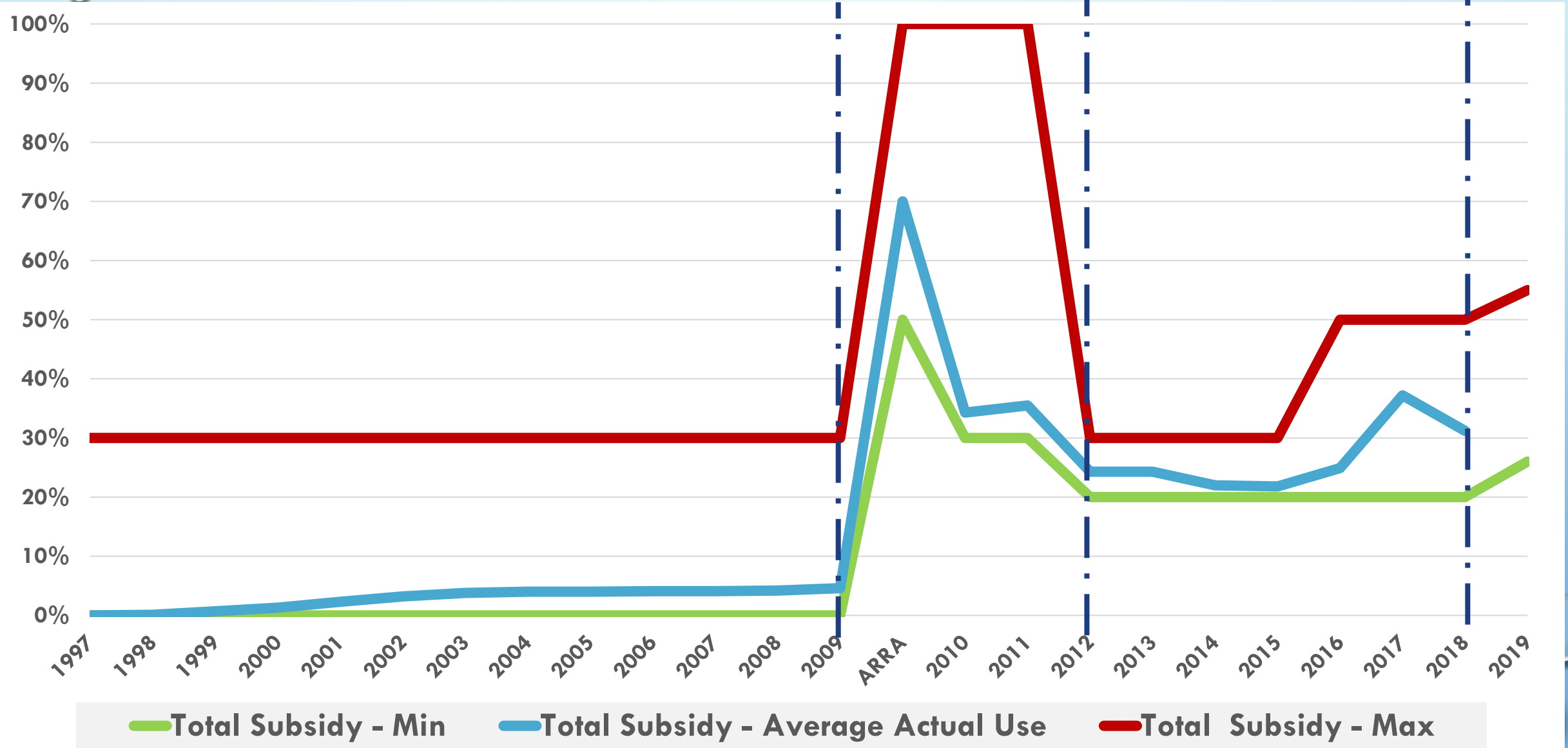
BALANCING ACT: MEETING DRINKING WATER NEEDS NOW, AND DECADES FROM NOW

PART I: THE DWSRF & ADDITIONAL SUBSIDY

ADDITIONAL SUBSIDY HAS CHANGED SEVERAL TIMES OVER THE LIFE OF THE DWSRF

- **4 DISTINCT PERIODS OF ADDITIONAL SUBSIDY AND SUBSIDY RULES**
 - **1997-2009 – SDWA DISADVANTAGED ASSISTANCE**
 - **ARRA, 2010, AND 2011 CAPITALIZATION GRANTS**
 - **2012-2018 CAPITALIZATION GRANTS**
 - **2019 AND BEYOND – AWIA IMPACT**

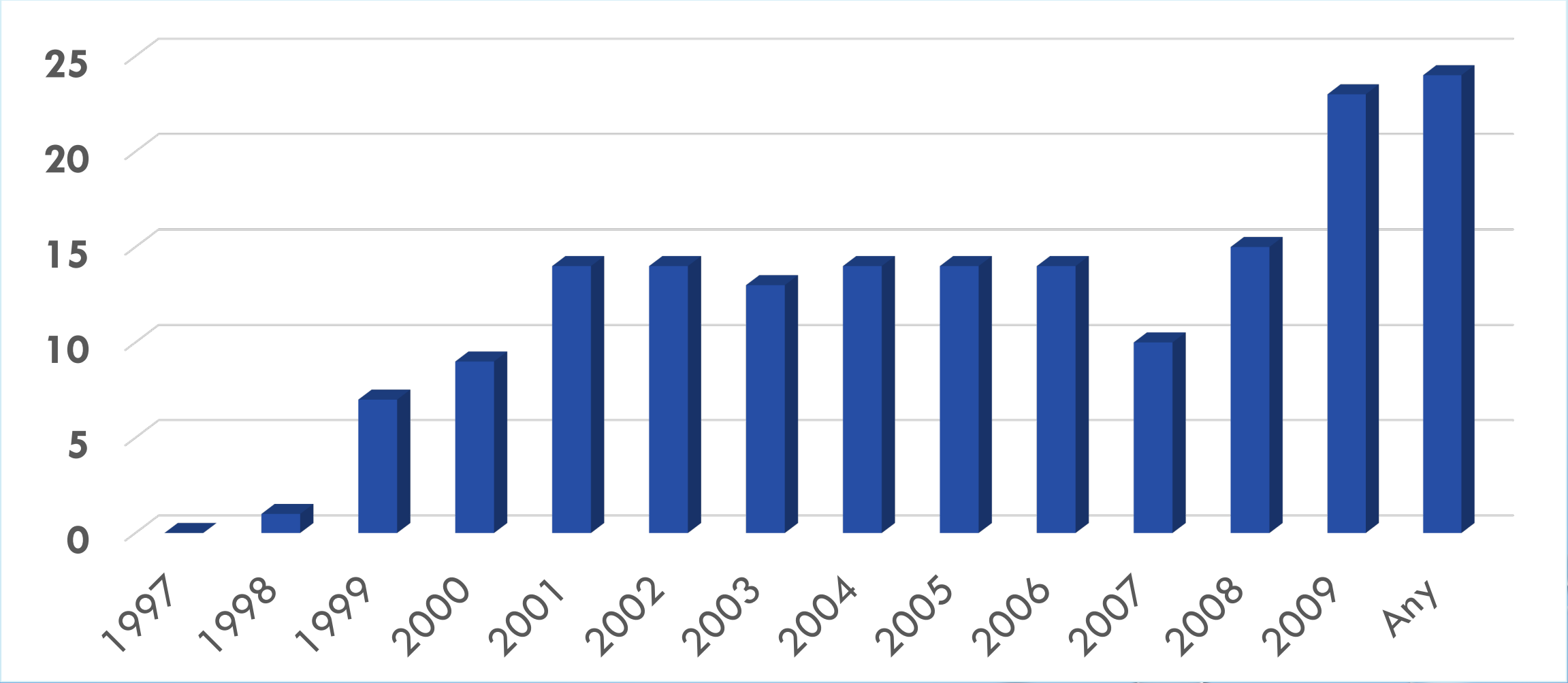
DWSRF GRANT SUBSIDY ALLOWANCE VS. ESTIMATED SUBSIDY USE



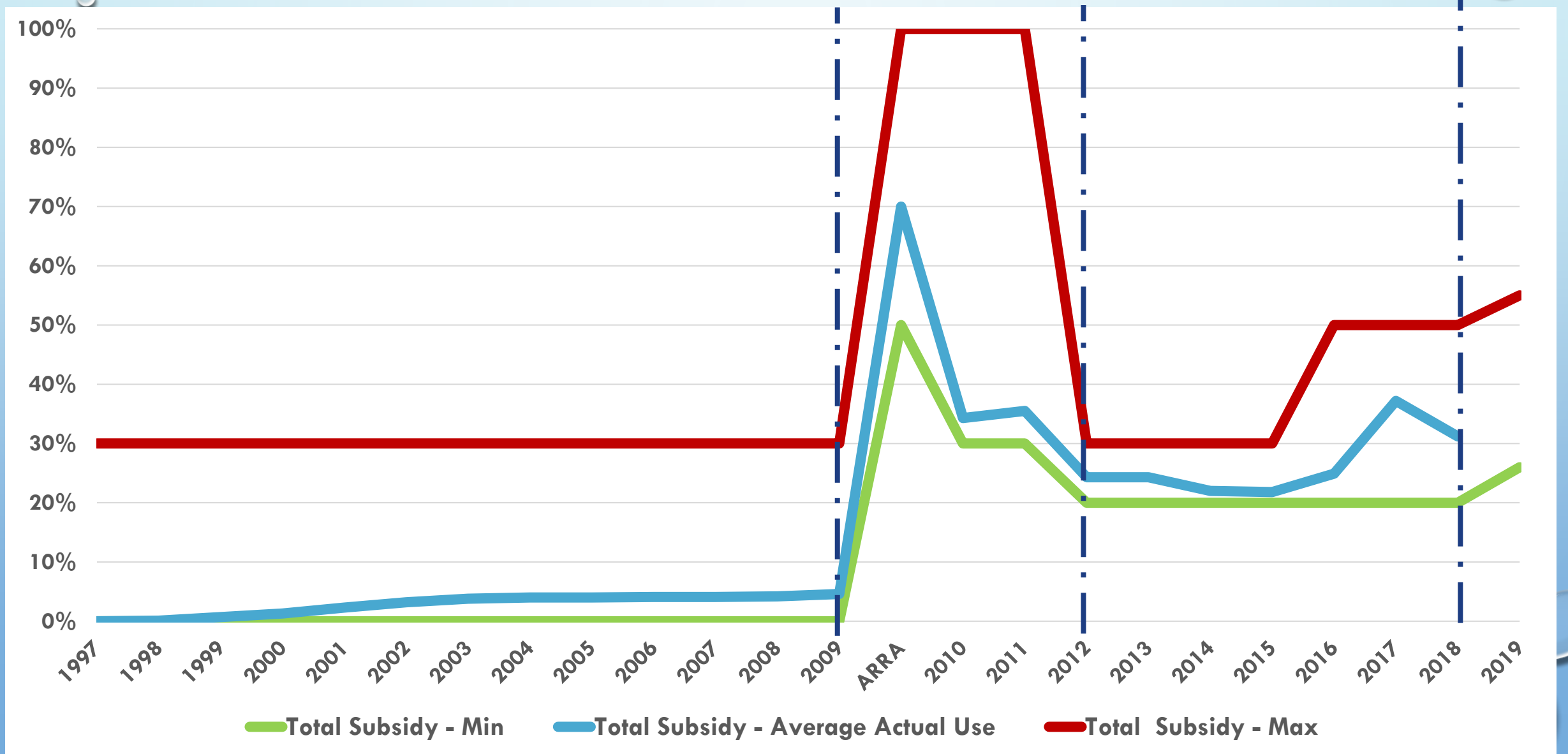
1ST: SDWA DISADVANTAGED ASSISTANCE

- SUBSIDY ONLY THROUGH A STATE DEFINED DISADVANTAGED ASSISTANCE PROGRAM
- 0-30% OF GRANT FOR SUBSIDY
- ALSO ALLOWED FOR UP TO 30 YEAR LOAN TERMS
- SOME STATES USED THIS FOR TIERING INTEREST RATES
- STATES AS A WHOLE HAVE GENERALLY BEEN CONSERVATIVE WITH THIS PROVISION – BETWEEN 4-5% OF GRANT

NUMBER OF STATES PROVIDING SUBSIDY 1997 THROUGH 2009



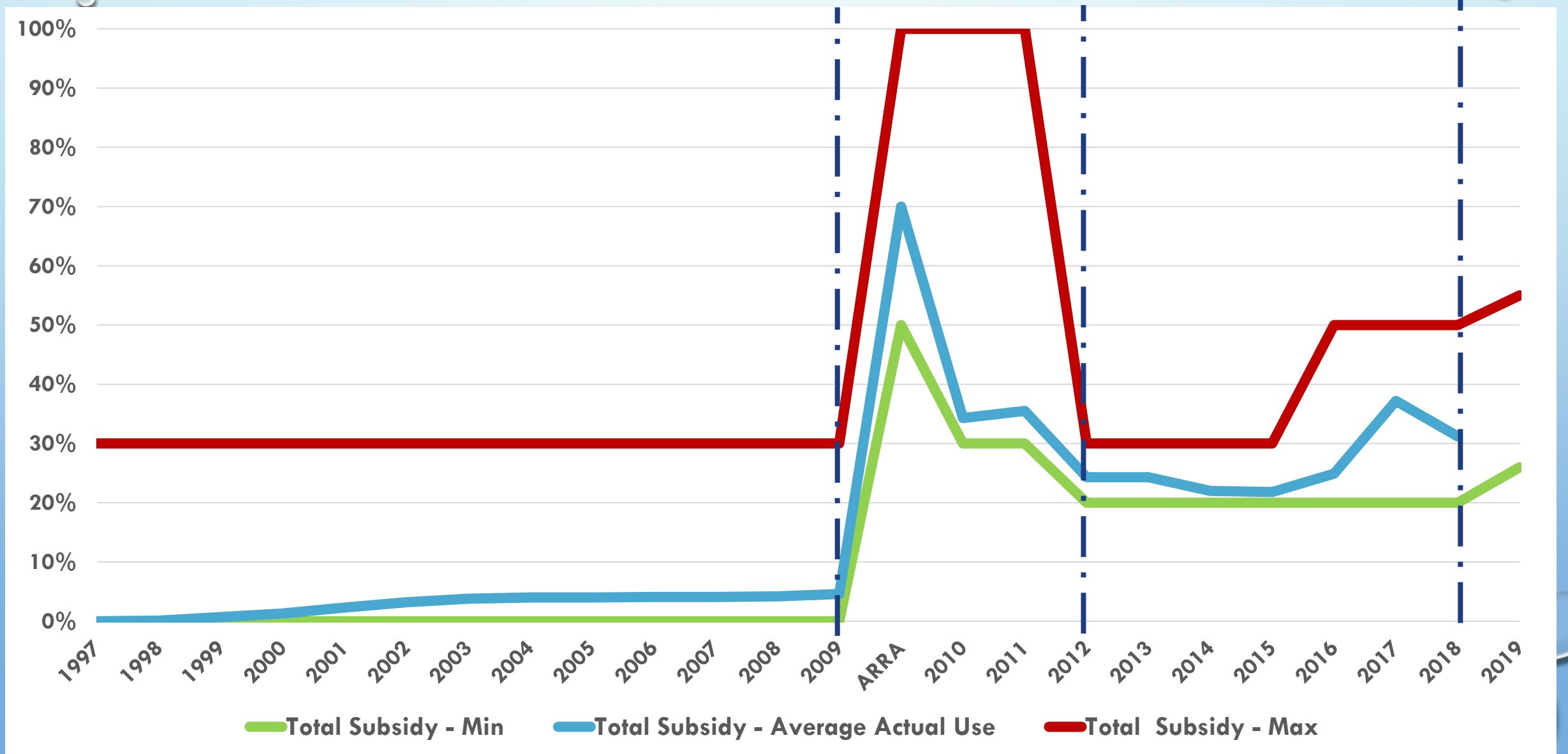
DWSRF GRANT SUBSIDY ALLOWANCE VS. ESTIMATED SUBSIDY USE



2ND: ARRA, 2010, & 2011

- SUBSIDY WRITTEN IN THE RECOVERY ACT AND SUBSEQUENT APPROPRIATIONS LANGUAGE FOR BROAD USE, BUT ENCOURAGEMENT TO CONSIDER AFFORDABILITY
- **ARRA** - 50% TO 100% OF THE GRANT AS SUBSIDY - AVERAGED ABOUT 70%
- **2010 & 2011** – 30% TO 100% SUBSIDY
 - AVERAGE BETWEEN 34% TO 36%
 - 7 STATES USED OVER 50% OF THEIR GRANTS FOR SUBSIDY IN 2010 & 2011
 - REPORT ON THE USE OF THE 2010 AND 2011 GRANT SUBSIDY SHOWED THAT ABOUT 85% AND 75%, RESPECTIVELY, OF EACH GRANT'S SUBSIDY WENT TO COMMUNITIES WITH BELOW 50% OF THE STATE MHI

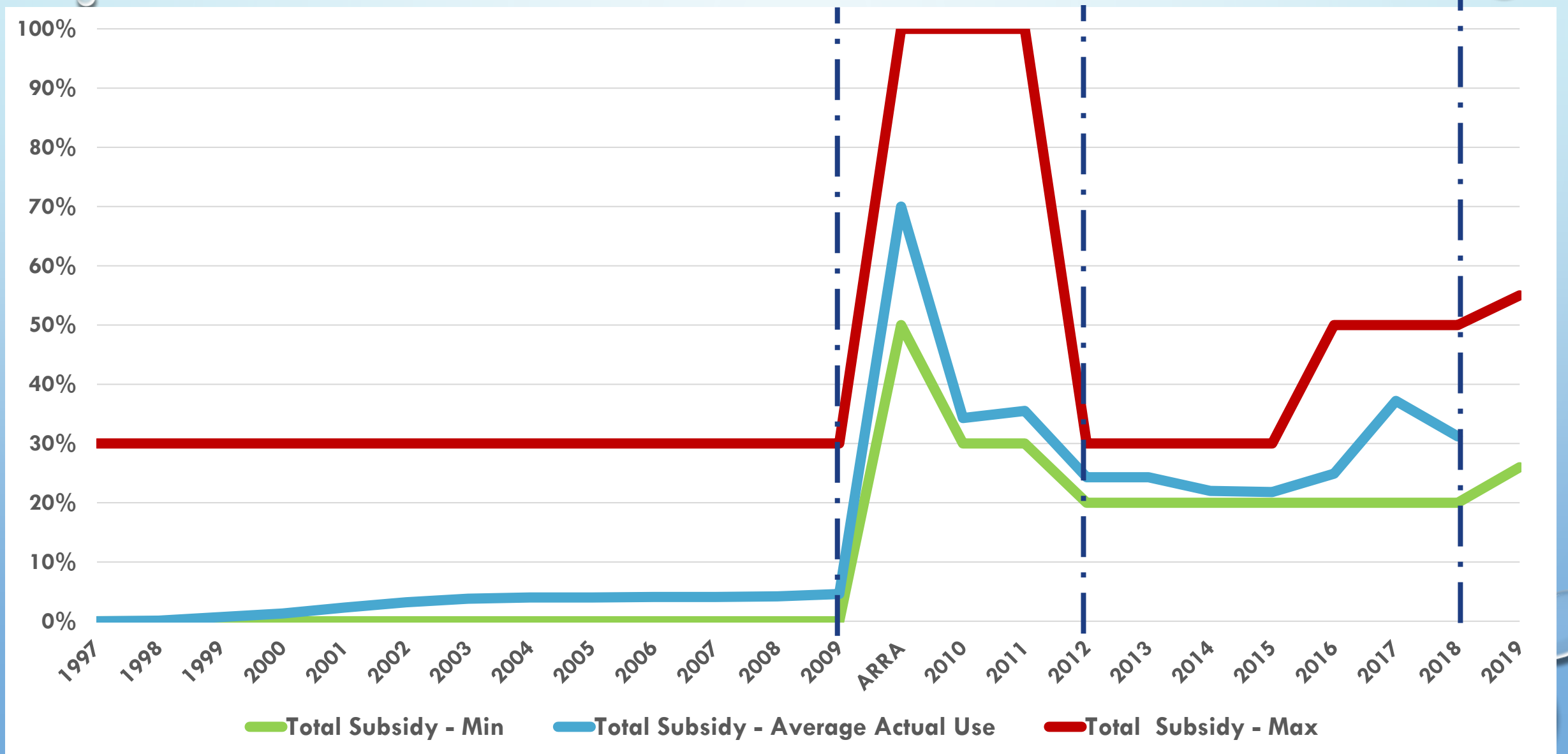
DWSRF GRANT SUBSIDY ALLOWANCE VS. ESTIMATED SUBSIDY USE



3RD: 2012 THROUGH 2018

- APPROPRIATION-BASED SUBSIDY, BUT IN A MUCH NARROWER BAND
- **2012-2015** – 20%-30%, AVERAGED BETWEEN 22% TO 24%
- **2016-2018** – 20% ONLY

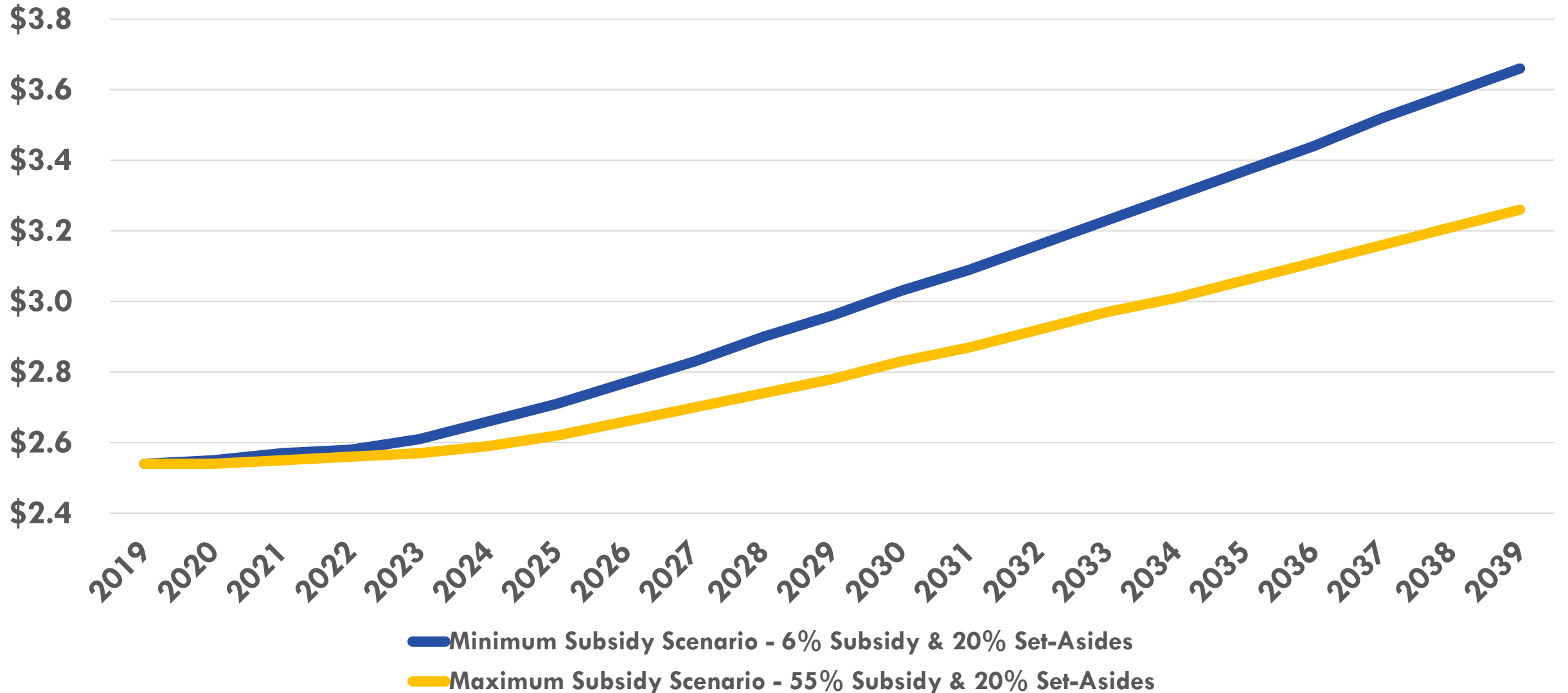
DWSRF GRANT SUBSIDY ALLOWANCE VS. ESTIMATED SUBSIDY USE



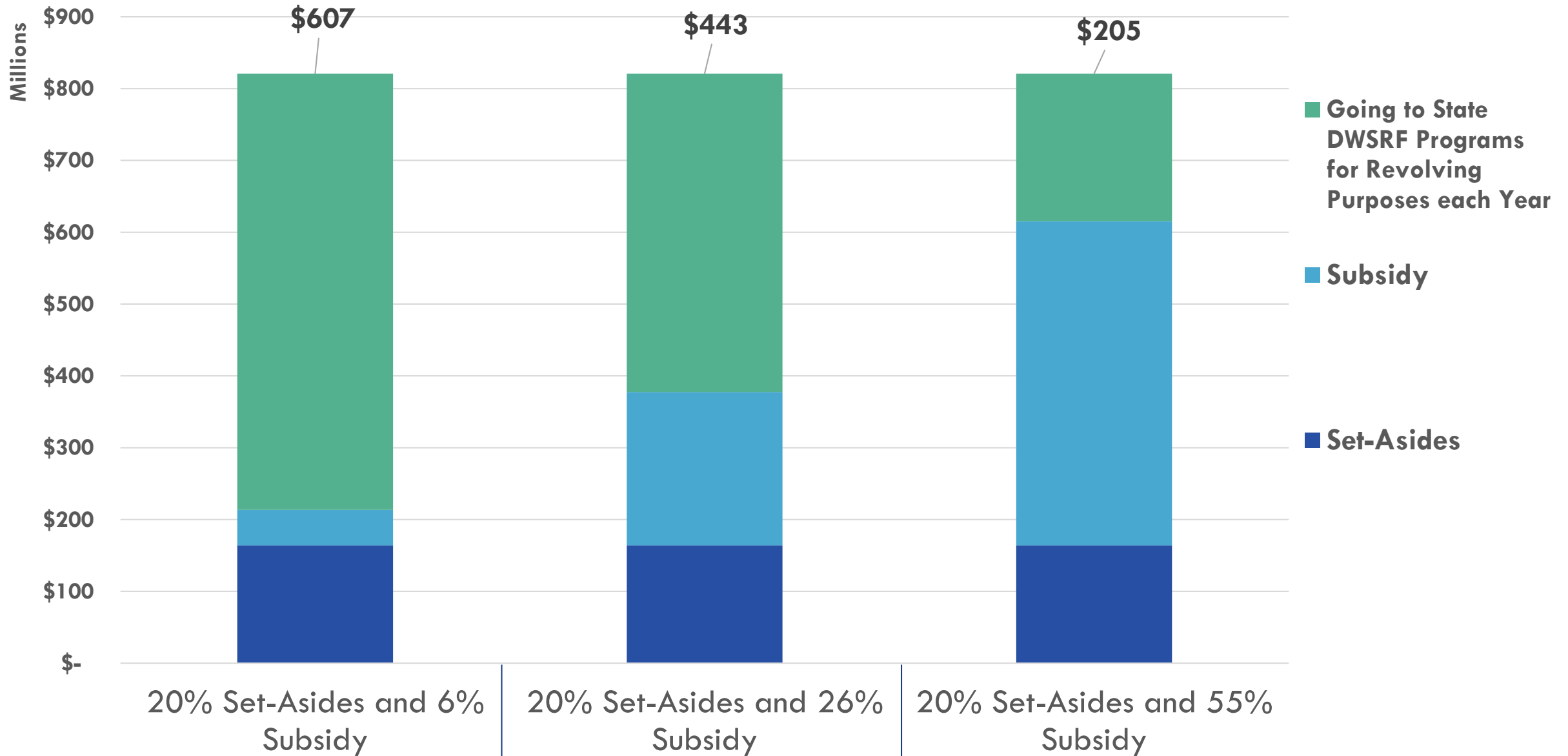
4TH: 2019 AND BEYOND

- SDWA DISADVANTAGED ASSISTANCE RANGE – 6% TO 35%
 - BY CREATING A FLOOR, COMPELS STATES WITHOUT A DISADVANTAGED ASSISTANCE PROGRAM TO DEVELOP ONE.
 - 40 YEAR EXTENDED TERM FINANCE AS OPPOSED TO 30 YEARS.
- 2019 APPROPRIATION SUBSIDY IS 20%; IS ADDITIVE TO SDWA DISADVANTAGED

DWSRF DISBURSEMENT PROJECTIONS (IN BILLIONS)



Break out of DWSRF 2020 (President's Budget) Appropriation Options



SUBSIDY CONSIDERATIONS

- AFFORDABILITY VS. PROGRAM GROWTH
- IMPACT ON YOUR ABILITY TO BORROW AS A STATE DWSRF PROGRAM
- IMPACT ON YOUR ABILITY TO TAKE SET-ASIDES
- BEHAVIORAL ECONOMICS