

# DWSRF

# State Unliquidated Obligations

Presented to the  
Council of  
Infrastructure Financing Authorities  
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# Major Points

- DWSRF Unliquidated Obligations
  - After award (obligation) of DWSRF grant, state credit in the Federal Treasury for cash draws to pay expenditures through disbursement to water systems that is not used (unliquidated)
- Accumulated to \$2.2 Billion in May 2012
- Now at \$1.9 Billion as of May 2013
- With future award of 2013 state DWSRF grants, will rise to \$2.3-2.7 Billion depending on timing of grants and state use
- **Represents Public Health Protection Not Purchased**

# Learn from Successful Timely Use

- 15 states have ULO  $\leq$  5% of cumulative grants (less than 1 year of last grant)
- Represents timely, expeditious & efficient use
- Example of Application of CIFA Best Practices, particularly cash-flow management model

# Some Details

- 15 states with greatest ULO
  - Having 15% to 31% of cumulative state DWSRF grants as ULO
  - Hold 65% of the total ULO
- Real, measurable, permanent loss to DWSRF
  - Real = loss of purchasing power & interest
  - Measurable = can be specifically calculated
  - Permanent = can NOT be replaced or regenerated

# Action

- Need to act NOW
- Rescission is a warning that we must use the funds NOW
- Significant opportunity to invest in needed infrastructure
- Need creativity to move program to a new “low” in ULO

# Partnerships

## Cash-Flow Management Consultancy

- EPA is available to consult with states
- Other states have offered to consult with states having ULO challenges
  - Significant factor is Project Readiness to Proceed with Construction Financing
- We need to resolve to act together to address this issue NOW
  - OGWDW is developing training and tools to manage ULO
- Thank you for your focus on financing public health protection!

# Contact

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