

Senate Finance Oversight Subcommittee

Summary Report on the SC Rural Infrastructure Authority

August 2017



The Rural Infrastructure Authority was established to provide financial assistance through grants and loans to qualified water and sewer infrastructure projects for the purpose of meeting health and environmental standards as well as to aid in the economic development efforts of local governments. The Authority has pursued this mission with the goal of improving opportunities for economic success and enhancing health and livability in rural communities throughout the state. RIA should establish a policy regarding an appeals process for unsuccessful grant applicants, ensure that fund balances do not continue to grow and develop a more systematic process for obtaining feedback from grant

Agency at a Glance

With a General Fund appropriation of \$20.5 million and a Total Funds allocation of \$42.5 million, the Rural Infrastructure Authority funds drinking water and waste water projects throughout the state to protect the health of South Carolinians and advance the state's economic development goals. These infrastructure projects are funded through either direct grants or loans. Often the funds provided by the RIA are used to leverage additional funding from other entities to fully fund the projects. The agency utilizes the expertise of the staff to make recommendations to the Governing Board regarding the feasibility of projects and the need. Once the Board selects a project, staff work with the unit of local government to ensure that the project is completed successfully.

Issues

Appeals Process

Currently, the agency reports that there is no policy regarding a formal appeals process for a grant applicant that does not obtain funding through the awards process. Instead, the RIA staff provided technical assistance to the entity. When unsuccessful applicants were contacted, they indicated that they understood the reasons their application was not funded and expressed satisfaction with the technical assistance from the RIA. While there are no known instances of an applicant disputing the funding decisions of the Board in the past four years, a policy to address this contingency in advance might be prudent.

Agency Recommendation The Rural Infrastructure Board of Directors may wish to adopt a formal appeals policy.

Fund Balance Growth

Year end fund balances in the Rural Infrastructure Fund have grown consistently since the agency's inception. Although the staff and the Board are aware of this and anticipate a trend line that will result in declining balances the increase in state funding raises a modest concern about the accruing balance.

Agency Recommendation RIA staff should continue to monitor the year-end balance in the fund and continue reporting these balances to the Board of Directors. The Authority should attempt to implement the plan already in place to award grants to bring these balances down to a level deemed appropriate by the Board.

Legislative Recommendation As part of the appropriation process, the General Assembly should monitor the balance in the Rural Infrastructure Fund to ensure that the appropriated funds are being used for the intended purpose and as an indication of the agency's budgetary requirements.

Assessment of Need

Although the need clearly exceeds the funding, it is impossible with the data available to determine the actual level of need or the progress being made towards meeting that need. Also, since the EPA studies used to determine the state's federal funding allocations have not been updated SC is not eligible for proportionate increases in the State Revolving Fund federal capitalization grants.

Legislative Recommendation The General Assembly may wish to direct the Department of Health and Environmental Control to participate fully in the EPA studies. In addition, the state may wish to commission a statewide study on the water and sewer infrastructure to determine the magnitude of the problem to be addressed.

Satisfaction Survey

From conversations with grant applicants, it is apparent that the RIA has fostered an open and amicable relationship with local governments. However, a formal survey including an opportunity for recommendations about process improvements might provide valuable feedback to the RIA staff and the Board about problems or system improvements to further improve the grants process.

Agency Recommendation The Authority should develop a survey tool for grant applicants to provide constructive feedback to the agency.