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technical bulletin

Municipal Technical Advisory Service
Institute for Public Service, The University of Tennessee
In cooperation with the Tennessee Municipal League

June 2, 1974

\$120 MILLION IN RURAL WATER AND WASTE DISPOSAL GRANT FUNDS RELEASED

In a sudden reversal of a position it has maintained for nearly 18 months, the federal government has released \$120 million in rural water and waste disposal grant funds. All cities with a population of under 10,000 are eligible for these funds. While Tennessee's share will be small, lifting the freeze is seen as a major breakthrough for those cities wanting to proceed with plant construction plans. However, several significant procedural questions remain.

The new funds, coupled with the \$30 million which the Administration announced earlier it would expend this fiscal year for grants, makes available a total of \$150 million--the full amount of the Congressional appropriation for the fiscal year ending June 30, 1974.

The U.S. Department of Agriculture, which administers this program, has on hand 780 grant applications totaling \$138 million. U.S.D.A. officials realize, however, that these existing applications do not necessarily reflect need. On the other hand, no new applications have been received since the program was terminated by the Administration in January 1973, and U.S.D.A. officials must decide whether they can and should accept new applications. While Congress stipulated that the money "remain available until expended . . .", the U.S.D.A. apparently has the option (it has yet to decide what action to take) of allocating all the funds by June 30, 1974, to existing applicants or accepting new applications and carrying over the funds into fiscal year 1975. In any case, state U.S.D.A. officials are being swamped with inquiries about the funds. It seems likely that Tennessee's allocation will be substantially less than the amounts requested by city officials.

When the \$30 million in grant funds was made available in December 1973, the U.S.D.A. by administrative regulation limited the federal share to 25 per cent to spread the grant money among as many communities as possible. However, the department can, by law, distribute the new funds on a 50-50 basis. Whether it will choose to do so is another question which has not been answered. In fiscal year 1972, before the impoundments occurred, the average amount of the construction grant was about 30 per cent of the total cost of the facility.

For further information, city officials with water and sewer problems should contact a representative of the Farmers Home Administration, who is usually located in the county-seat office of U.S.D.A. Also, watch for further bulletins from M.T.A.S., which will report developments as they occur.

(Note: The information in this report was taken from City Perspectives, Vol. 6, No. 10, May 24, 1974, a biweekly federal administrative report of the National League of Cities and the U.S. Conference of Mayors.)

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