

Inter-Agency Income Survey Methodology Procedures and Guidance For Public Water Supply and Sewerage

I. Scope and Purpose

The intent of this paper is to provide guidelines for income surveys on water and sewer projects. Following these guidelines will result in an income survey acceptable to the major funding agencies:

- ◆ Ohio Department of Development (ODOD) which administers the HUD Community Development Block Grant (CDBG) competitive water and sewer grant program
- ◆ US Department of Agriculture Rural Development (RD), formerly Farmers' Home Administration (FmHA), which provides grants and loans for water and sanitary sewer facilities for small communities
- ◆ Ohio Public Works Commission (OPWC), which administers the "State Issue 2" infrastructure grant and loan program
- ◆ Ohio EPA which administers the Water Pollution Control Loan Fund (WPCLF) for sanitary sewers

All of the above funding programs have criteria under which a financial subsidy is available. In some cases, this may take the form of a grant (ODOD, RD, OPWC), or reduced-rate loan (RD, OPWC, OEPA). Qualification is always based on financial need. The exact definition of "financial need" varies, but following the methodology here will provide the information needed for all funding agencies.

The Ohio Water Development Authority (OWDA) also provides financing for water and sewer projects. It is not included in the above list because OWDA provides only market-rate financing; hence, income surveys are not needed.

II. Is An Income Survey Needed?

Data collection for an income survey takes a considerable amount of time and effort. It's best not to conduct a survey unless it's really needed. The simplest approach is to ask whether the area proposed for service would qualify for financial assistance. The following are likely to be able to help:

- ◆ The funding agency itself (ODOD Department of Housing and Community Partnerships; the RD District Office; or the OPWC District Chair)
- ◆ Local or regional agencies who are Census Affiliates: these include Regional Councils (Areawide Planning Agencies) and County Planning Commissions. Engineering consultants also often have this information.

If you wish to look up the Census data, or know someone who will do it for you, here are the details:

1. Check the Census data at the Minor Civil Division (MCD) level. This information is available in the *1990 Census of Population and Housing: Summary Social, Economic, and Housing Characteristics* (US Census Bureau 1990 CPH-5-37). Tables 9 and 10 (grouped by County, and in straight alphabetical order, respectively) provide income and poverty data for incorporated places (cities and villages) as well as whole townships. These tables also list Census Designated Places (CDPs), which are discrete but unincorporated communities.

If the MCD meets income criteria, there is no reason to do a survey.

2. Often, water or sewer projects serve only a small part of the MCD. This is particularly true of projects in unincorporated areas, where a subdivision or unincorporated community not recognized as a CDP is being served. The Census provides income data down to the Block Group level; for Block Group median household income and poverty data, refer to STF 1A, available on CD. Low to Moderate Income (LMI) data, needed for the CDBG program, is not published. It may be requested, however, from the ODOD Office of Housing and Community Partnerships.

Again, if Block Group data shows the proposed service area meeting financial criteria, there is no reason to do a survey.

3. Once validated, an income survey is acceptable until it is superseded by data from the next Census.

III. Income Survey Methodology and Procedures

Before proceeding with an income survey, you should submit a methodology to the ODOD Office of Strategic Research. This office reviews surveys and advises funding agencies on the apparent validity of the data and procedures followed. Having the survey methodology approved in advance will save you the possible trouble of conducting a survey only to find that the funding agencies cannot accept your work. A survey methodology need not be a lengthy or complicated document, but it should address the following points:

1. What is the area to be surveyed?
2. What is the project associated with the survey?
3. Why is the survey being conducted?
4. What information will be collected? Note: The survey form included as an attachment to this paper will be accepted by the funding agencies. If you design your own form, you should submit it with your methodology.

5. Who will collect the data?
6. What method(s) will be used to collect the data?
7. Who will analyze the data and prepare the Income Survey Report?

Discussions of these issues follows.

IV. Why Do an Income Survey?

There should be a clear reason for using income survey data instead of data provided by the Census. Some common reasons for conducting income surveys are:

1. A sanitary sewer project is needed to serve part of a township. The township overall has a Median Household Income of \$35,000 (not qualifying for financial assistance), but the proposed service area is an unincorporated town with many retired people on fixed incomes. The Census does not provide data for this particular area, which has a lower income level than the rest of the township.
2. There has been a significant change in the area since the Census was conducted. For example, a factory has closed, and the unemployment rate has doubled.
3. The Census does not accurately reflect the nature of the community. Census income statistics are sample-based and subject to error. An income survey requires a sufficiently high response rate to calculate reliable statistics. See discussion of Response Rate, below.

V. What Information Will Be Collected?

As mentioned above, the definition of "financial need" varies among the different funding agencies, on their missions and the State and Federal regulations that govern their programs. The sample survey form asks for the information needed by all the funding agencies.

VI. Response Rate: What Is a Valid Survey?

An income survey requires a large enough response rate to be statistically valid. Obviously, the higher the response rate, the more accurate a survey is likely to be. Businesses, institutions, and vacant or seasonally-occupied houses should be excluded from the survey altogether.

RD generally asks for a response rate of 50%, with a minimum of 50 valid responses. This is not a hard and fast rule, however, RD may waive them if circumstances warrant.

The Block Grant program uses a sliding scale for the number of valid responses required. The fewer households there are in a proposed service area, the higher response rate required. The

CDBG survey sample size requirements (*CDBG LMI Survey: Minimum Sample Size Requirement*) are given as Exhibit 5.

VII. Who Will Collect and Analyze the Data?

Data collection and analysis should be done by disinterested, impartial agencies/persons. Data collection should not be done by a person or business who stands to gain personally from grant funds. That is, elected officials or private citizens who would be served by the proposed project should not conduct the survey; nor should a consulting engineering firm.

Data analysis should not be done by the political jurisdiction applying for financial assistance, nor their consultant. This role should be fulfilled by an outside agency, such as a county Planning Commission, Regional Council, or other non-profit agency.

Data analysis should include preparation of an income survey report, to be submitted to the ODOT Office of Strategic Research.

VIII. What method(s) will be used to collect the data?

Survey data may be collected by mail, by phone, or in person. However the survey is conducted, important points to keep in mind are:

- ◆ All persons in the survey area should be equally encouraged to respond
- ◆ Do not lead people as to how they should respond. Do not imply that lower income persons should return the survey, while higher income persons should ignore it.

Before distributing an income survey, a public meeting and/or press release to explain the proposed water or sewer project is desirable. Surveys distributed by mail may include a cover letter from the Mayor and Council or the Township Trustees. Such a letter should simply ask all residents to respond and provide accurate information. It should not state that "we are doing this to get grant money."

A mail survey must be distributed to all permanent residences in the proposed service area. It should be accompanied by a postage-paid return envelope addressed to the person or agency who will be tallying the responses.

IX. Survey Data Analysis

Survey data analysis depends on which program or programs are being asked to finance the project.

1. RD Median Household Income

Calculation of Median Household Income (MHI) for RD requires only the total household income. The median is the income level that half of the households are above, and half are below. Sort the responses in order by income and assign them household numbers, as below.

If there is an odd number of responses:

| | |
|----|------------------------------------|
| 1 | \$6,000 |
| 2 | \$8,000 |
| 3 | \$9,500 |
| 4 | \$10,000 |
| 5 | \$12,600 |
| 6 | \$13,158 |
| 7 | \$15,000 |
| 8 | \$15,000 |
| 9 | \$18,000 |
| 10 | \$19,244 |
| 11 | \$20,000 |
| 12 | \$20,000 |
| 13 | \$21,000 |
| 14 | \$24,000 |
| 15 | \$25,000 |
| 16 | \$26,000 |
| 17 | \$28,000 |
| 18 | \$28,019 #19 of 37 is the median: |
| 19 | \$30,000 » 18 above, and 18 below. |
| 20 | \$31,000 MHI is \$30,000 |
| 21 | \$33,000 |
| 22 | \$34,000 |
| 23 | \$35,000 |
| 24 | \$35,000 |
| 25 | \$38,000 |
| 26 | \$40,000 |
| 27 | \$40,000 |
| 28 | \$45,000 |
| 29 | \$50,000 |
| 30 | \$50,000 |
| 31 | \$54,313 |
| 32 | \$55,000 |
| 33 | \$60,000 |
| 34 | \$60,000 |
| 35 | \$68,000 |
| 36 | \$71,000 |
| 37 | \$80,000 |
| 38 | \$90,000 |

If there is an even number of responses:

| | |
|----|---------------------------------|
| 1 | \$6,000 |
| 2 | \$8,000 |
| 3 | \$9,500 |
| 4 | \$10,000 |
| 5 | \$12,600 |
| 6 | \$13,158 |
| 7 | \$15,000 |
| 8 | \$15,000 |
| 9 | \$18,000 |
| 10 | \$19,244 |
| 11 | \$20,000 |
| 12 | \$20,000 |
| 13 | \$21,000 |
| 14 | \$24,000 |
| 15 | \$25,000 |
| 16 | \$26,000 |
| 17 | \$28,000 |
| 18 | \$28,019 |
| 19 | \$30,000 \ Out of 38 responses, |
| 20 | \$31,000 / Median is half way |
| 21 | \$33,000 between #19 and #20, |
| 22 | \$34,000 or \$30,500 |
| 23 | \$35,000 |
| 24 | \$35,000 |
| 25 | \$38,000 |
| 26 | \$40,000 |
| 27 | \$40,000 |
| 28 | \$45,000 |
| 29 | \$50,000 |
| 30 | \$50,000 |
| 31 | \$54,313 |
| 32 | \$55,000 |
| 33 | \$60,000 |
| 34 | \$60,000 |
| 35 | \$68,000 |
| 36 | \$71,000 |
| 37 | \$80,000 |

2. CDBG Low to Moderate Income

Low to Moderate Income (LMI) depends on the number of people living in a household and the total income. The criteria are "Low Income Limits" developed by HUD, and are different for each county; current limits are included as Exhibit 4. These criteria are updated annually, and available from the ODOD Office of Housing and Community Partnerships.

The CDBG program has specific requirements. In some cases, these requirements are more stringent than the other agencies. However, meeting CDBG requirements will result in an income survey that the other agencies will accept.

CDBG survey requirements include:

- ◆ Use the standard interagency survey form (Exhibit 2)
- ◆ Surveys must meet the sample size requirements given in Exhibit 5
- ◆ Surveys must be conducted randomly from the entire proposed project area
- ◆ Surveys must be conducted door-to-door, not by mail or phone
- ◆ The survey must have been conducted after the latest Census
- ◆ Income figures must include all forms of income, including: wages and salaries, business/farm income, interest, dividends, Social Security, welfare, disability, VA payments, unemployment, and alimony.

3. Ohio EPA Water Pollution Control Loan Fund (WPCLF)

Ohio EPA's WPCLF provides reduced interest financing to communities of high economic need as determined by an analysis of median household income for the area, percentage of the population below poverty level, and percentage of the population over age 65. Quartile values covering these economic indicators were developed for two population groups: communities of 3,500 or less, and communities with populations between 3,500 and 10,000. Within these two population groups, two of the three economic indicators must be at or below the lowest quartile values for the community's population group.

Communities with populations larger than 10,000 can be considered for the reduced rate at the time construction bid prices are received if the median household income for the area falls within the lower quartile of similarly sized communities and projected residential user rates are high.

The following information should be tallied for each household surveyed and submitted to the Ohio EPA Division of Environmental and Financial Assistance:

- ◆ Number of persons in the household
- ◆ Total household income
- ◆ Number of dependent children under 18 years of age
- ◆ Number of persons 65 or more years of age

Ohio EPA staff will analyze the survey data, request comment on the adequacy of the survey from the ODOD Office of Strategic Research (see below) and notify you of the WPCLF interest rate determination.

4. Ohio Public Works Commission State Issue 2

Funding from OPWC may include grants, low or zero-interest loans, or a combination of grants and loans. Priority is given to replacing existing infrastructure. Recommendations for funding of projects is made at the District level. Each District which may include several counties, or just a single county sets its own criteria. "Financial Need" may or may not be a project selection criterion. For current information, consult the Chair or Administrator of your area's "Issue 2" committee.

X. Final Income Survey Report

Each household's response must be tallied in an Income Survey Summary. CDBG has the most specific reporting requirements. Following them will result in a report all agencies will accept.

- ◆ Number of households in the proposed project area
- ◆ Number of people in the area
- ◆ Number of households from which complete survey information was obtained
- ◆ Number an percent of households that meet Low-to-Moderate Income criteria (see Exhibit 4)
- ◆ The Low-to-Moderate Income criteria used in conducting the survey (see Exhibit 4)
- ◆ Documentation of efforts made to obtain the widest possible response to the survey. Examples could include letters sent to residents; records of public meetings where the income survey was explained; news releases; tallies of efforts to contact residents.

Also include the following for each household to meet Ohio EPA and USDA requirements:

- ◆ Number of persons employed full-time (at least 25 hours/week for weeks/year)
- ◆ Number of dependent children under 18 years
- ◆ Number of persons 65 year or over

A survey report tabulation should be similar to the example below:

| House # or code (optional) | Street Address | Total Number Persons | Number Persons Employed | Number Persons 65 years or over | Number Persons under 18 years | Household Income | LMI? | Poverty? |
|----------------------------|----------------|----------------------|-------------------------|---------------------------------|-------------------------------|------------------|------|----------|
| 1 | 123 N Lakin | 5 | 1 | 2 | 0 | \$32,551 | Yes | No |
| 2 | 254 N Lakin | 1 | 0 | 1 | 0 | \$6,542 | Yes | Yes |
| 3 | 544 N Lakin | 7 | 2 | 0 | 5 | \$54,559 | No | No |
| 4 | 606 N Lakin | 3 | 1 | 0 | 2 | \$23,452 | Yes | No |
| 5 | 719 N Lakin | 2 | 0 | 2 | 0 | \$27,125 | No | No |
| | | | | | | | | |
| Totals | 5 | 18 | 4 | 5 | 7 | Median: | 3 | 1 |
| Pct | | | 22% | 28% | 39% | \$23,452 | 60% | 20% |

The survey tally should be accompanied by a map of the survey area. It should show the houses for which valid surveys were collected, and the boundaries of the project area. Houses should be identified either by a code number, or the street address — to show which house on the map corresponds to which survey.

Completed and tabulated income surveys should be submitted to appropriate funding or review agencies. For addresses, please refer to Exhibit 1. Before mailing completed survey reports, call to verify the correct contact person.

- ◆ **USDA / Rural Development Funding:** submit survey report to the ODOD Office of Strategic Research. ODOD will respond with a letter, either confirming sample representativeness, or suggesting that more surveys be collected. The ODOD Office of Strategic Research will not render any opinion on sample representativeness if the area does not match the boundaries of a political jurisdiction, or census boundaries.
- ◆ **Ohio EPA Funding:** submit survey report to the Ohio EPA Division of Environmental and Financial Assistance
- ◆ **CDBG Funding:** submit survey report to the Ohio Department of Development Office of Housing and Community Partnerships

XI Questions and Answers

- ◆ I made \$40,000 last year, but I just retired, and expect to make \$22,000 this year.
An income survey is intended to be a "snapshot" of a community's income level in a specific year. We realize that the amount of money people make varies from year to year, and residents come and go. Funding decisions are made on a statistical analysis of incomes in the community, not just one household's income.

If a survey specifically asks for household income in 1996, you should stick with that. However, if you phrase it as "How much money do you make per year?" you may be able to be more flexible. When a household income makes a significant change from year to year, find out whether the circumstances that changed the income are permanent. "I just retired" is a good example of a permanent change.

- ◆ Why don't you just get my income information from the return I filed with the IRS?
Your tax returns are strictly confidential, and the IRS will not provide us with that information.
- ◆ My children work, but they don't pay me for food or rent; do I consider them as part of the total household income?
Anybody who lives in this house is part of the household; their income is part of the "total household income" regardless of what they do with it.
- ◆ What kind of income does a family need to get financial assistance? Does anybody check these surveys for accuracy?
Financial assistance goes to the whole community, not individual households. Whether the community qualifies depends on a statistical analysis of everybody. We need your response, whether you think you're over "the limit" or not.
- ◆ I don't want the government or anybody else messing in my finances. Is this really confidential?
We will publish only the statistical results of the survey the percent of households that are "Low to Moderate Income," and a figure for the Median Household Income. One of the reasons why we, an outside agency, are performing the survey is to help protect your confidentiality. We are required to provide individual survey information to State agencies upon request. However, we view them as confidential, and do not release them to elected officials or private citizens.

Your response is not checked against tax records, because that information is not available to us. You are on your honor to provide accurate information. However, the results for the community are checked against Census data for apparent irregularities.

- ◆ If I'm not sure exactly what my income was, can I give you an estimate?
Yes, an estimate is acceptable.

- ◆ What is this going to do to my taxes?
This survey and the water or sewer project associated with it will have no affect on your taxes. Any funding assistance will be going to the County/City/Village [as the case may be], not to you personally. If there is an assessment to build this project, it may be put on your property taxes to be paid off over a period of time, such as 20 years. The Project Engineer will have financing details available.

- ◆ What do you mean by "financial assistance"?
"Financial Assistance" means grant and/or loan money to the agency (County, City or Village) that will be constructing the water or sewerage project. A loan may be at a special low interest rate. Both grants and low-interest loans reduce the overall costs that must be borne by the users; any benefit will be shared by all those being served.

- ◆ We made too much money to help the area qualify. I don't think you want to survey us.
We need your response regardless of what your income was. Financing programs are based on a statistical analysis. There are always some higher, and some lower income households in any area.

- ◆ Do you want my income before or after taxes?
Before. These surveys are always based on gross income.

Exhibit 1.

Financing Agency Addresses and Primary Contacts

**Ohio Department of Development
Office of Housing & Community Partnerships**

John Magill
Tim Leasure
77 S. High Street, 24th Floor
Columbus, OH 43216-1001
[614] 466-2285
[614] 752-4575 fax

**Ohio Department of Development
Office of Strategic Research**

Barry Bennett
77 S. High Street, 24th Floor
Columbus, OH 43216-1001
[614] 466-2115

**US Department of Agriculture, Rural Development
(Formerly Farmers' Home Administration)**

Joni Molter
200 N. High Street, Room 507
Columbus, OH 43215-2477
[614] 469-5400

**Ohio EPA
Division of Environmental and Financial Assistance**

PO Box 1049
Columbus, OH 43216-1049
Greg Smith, Chief
[614] 644-2798
Jim Bonk
[614] 644-3713
[614] 644-3687 fax

Ohio Public Works Commission

David L. Kern, Assistant Director
65 E. State Street, Suite 312
Columbus, OH 43266
[614] 644-1823

Ohio Water Development Authority

88 E. Broad Street
Suite 1300
Columbus, OH 43215-3516
Steve Grossman, Executive Director
[614] 466-0152
Sue Farmer
[614] 466-0228

Exhibit 2.
Income Survey Form

199__ HOUSEHOLD SURVEY

PROJECT INFORMATION

Applicant Name _____
Project Name _____
Date of Survey _____

SURVEY QUESTIONS

1. How many people are permanent members of your household?

1.

2. How many people in your household worked full time in 199__?
(full time means at least 25 hours per week for 50 weeks)

2.

3. What was your household income in 199__?
(please include gross wages and salaries, business/arm income, interest, dividends, social security, other retirement, supplemental security income, welfare, disability, VA payments, unemployment, alimony, other) If the exact amount is not known, please give your best estimate.

3.

4. How many people in your household are 65 or over?

4.

5. How many people in your household are under 18?

5.

Street Address: _____

Date: _____

Initials of Surveyor: _____

Exhibit 3.

Poverty Criteria

US Department of Health and Human Services
Updated criteria are published annually in the Federal Register

Current update: CFR 2/24/98 pp 9235-9238

Exhibit 4.

Low to Moderate Income Household Criteria
Ohio, Fiscal Year 1995 Low-Income and Very Low-Income Limits

US Department of Housing and Urban Development
Criteria are updated annually, and are available from the Ohio Department of Development Office
of Housing and Community Partnerships

Exhibit 5.

Community Development Block Grant
Low to Moderate Income Survey
Minimum Sample Size Requirements

Acknowledgments

TMACOG wishes to thank to following members of the Small Community Environmental Infrastructure Group, without whose advice and help this project would not have been possible.

Steve Grossman
Chair, Small Community Environmental Infrastructure Group
Executive Director, Ohio Water Development Authority

Barry Bennett
Ohio Department of Development
Office of Strategic Research

Jim Bonk
Ohio EPA
Division of Environmental and Financial Assistance

Tim Leasure
Ohio Department of Development
Office of Housing and Community Partnerships

Ralph Martinsek, Holly Doughman
US Department of Agriculture
Rural Economic and Community Development Services