Proposed PF Policy Changes for SFY 2028 Webinar Transcript

The Wisconsin Department of Natural Resources (DNR) Environmental Loans Section presented the Proposed Principal Forgiveness (PF) Policy Changes for State Fiscal Year (SFY) 2028 webinar on Aug. 6, 2026. This transcript contains captions from the presentation. We’ve made no further edits to this text.

Presenters include:

- **Suzy** Hasheider, Safe Drinking Water Loan Program (SDWLP) and Drinking Water State Revolving Fund (DWSRF) policy analyst.
- **Noah** Balgooyen, SDWLP coordinator.
- **Lisa** Bushby, Clean Water Fund Program (CWFP) coordinator.
- **Casey** Sweeney, CWFP and Clean Water State Revolving Fund (CWSRF) policy analyst.

We’ve identified each speaker the first time they talk and across pages. Each heading will be followed by the presentation’s slide number and the timecodes for the recorded video and the closed captions. For example: Slide 1, timecode (video) 0:00:00 / (closed captions) 00:00:00.

Proposed PF Policy Changes for SFY 2028

Slide 1, timecode 0:00:04 / 15:02:33.

Suzy: Hello, everyone! Welcome to the DNR Environmental Loans Informational Webinar on the proposed changes to the state fiscal Year 2028 principal forgiveness policy.

Zoom Housekeeping

Slide 2, timecode 0:00:17 / 15:02:47.

Suzy: Before we dive in, here's some quick notes on our meeting technology today. You will not be able to unmute your microphone, but if you do wish to ask a question verbally, please use the raise your hand feature which can also be found under the reactions button. This chat is also open to questions. You're welcome to ask questions at any time. If you're joining by phone, press star 9 to raise your hand. Once called upon, you may mute by pressing star 6. The webinar is being recorded, and the slides will be posted on the Principal Forgiveness webpage. I'll probably a few days… later, but just keep checking, it'll be there.

Presenters

Slide 3, timecode 0:01:03 / 15:03:35.

Suzy: Today you're going to be hearing from Lisa Bushby, our Clean Water Fund Program Coordinator. Noah Balgooyen, the Safe Drinking Water Program Coordinator, and myself, Susie Hasheider, the Safe Drinking Water Federal Liaison. Casey Sweeney, our Clean Water Fund Federal Liaison, is also here. He's gonna be helping monitor questions that you may have today.

Webinar Purpose and Public Comment

Slide 4, timecode 0:01:30 / 15:04:03.

Suzy: The purpose of today's webinar is to discuss the proposed changes to the state fiscal year 2028 principal forgiveness policy. Today's webinar is an informational webinar only. We will be taking questions, however, formal comments are due to me, Susie Hasheider, by email through Friday, August 14th. The policy paper is posted on the Principal Forgiveness webpage. We do plan to post…the final version of the policy paper, which will include revisions, made as a result of any feedback received. This policy will begin with our state fiscal year 2028 projects and will also be written into our… state fiscal year 2028 intended use plans. This updated policy is not for our current applications. So, it's not for the safe drinking water applications that were due at the end of June or the Clean Water Fund applications that were… or are due this upcoming September.

Background

Slide 4, timecode 0:02:38 / 15:05:11.

Suzy: Principal forgiveness comes directly from federal funding. The annual congressional appropriations and the Safe Drinking Water Act establish the percentage of the grant that must be provided as additional subsidies whereas principal forgiveness. So here is a historical look of how much principal forgiveness has been available over the recent years and an estimate of where we may be for state fiscal year 2028.

Suzy: Starting in the next state fiscal year, the principal forgiveness dollars will be significantly lower due to the end of the bipartisan infrastructure law funding, we're gonna return back to only receiving our two capitalization grants from EPA known as the base grant, so one grant…One base grant for safe drinking water, and one base grant for the Clean Water Fund. So, when we were working through this proposed policy, we reviewed the past federal-based capitalization grants to estimate what the likely PF ranges will be.

Suzy: So, for the Clean Water Fund program, we're estimating about $3.2 to 10 million total PF dollars to be available. And for the safe drinking water program, we're estimating about 1.3 to 6 million total PF dollars to be available.

Suzy: So, another thing to consider or be aware of for State Fiscal Year 2028 is that there's also going to be some rollover PF from the previous funding cycle, which is, um, going to include rollover from the supplemental BIL funding. So that additional rollover was not included in these estimates. When we're working with more PF, you can anticipate more rollover. So therefore, in state fiscal Year 2028, we should have a little bit more PF than… what is being shown on this graph. However, in the preceding years, this image might be a little bit more accurate, as we're gonna have less rollover now that BIL is ending.

Suzy: So, given the significant change in the amount of PF that we're expecting to be available moving forward, is why we revised the policy, and with that goal, we're directing the limited amount of PF to municipalities where it's going to make the most difference, which is going to be primarily to smaller and more disadvantaged municipalities. The changes that we're describing today are intended to reflect that goal while focusing on Clean Water Fund and Safe Drinking Water projects in communities that improve water quality and protect public health. I'm gonna turn it over to Noah to start talking more about the specific changes.

General PF Caps

Slide 5, timecode 0:05:31 / 15:08:00.

Noah: Thanks, Susie. I'm Noah Balgooyen, the coordinator of the Safe Drinking Water Loan Program. Uh, so, many of you will recall that we did raise our…uh, annual, uh, Principal Forgiveness Caps per municipality, um, for the five BIL years. Um, we are gonna lower those back down now that those, uh, 5 years are ending.

Noah: Before the start of the BIL years, uh, the PF cap on the drinking water side was $500,000. And on the clean water side, uh, $750,000. We are going to… we are planning to…uh, lower, um…the PF cap, now that we are going into the post- BIL year, is back to what it was prior to the BIL years. Um, whereas the Clean Water Fund, uh, cap will be slightly raised at a million PF. Um, this is, uh… a response to the fact that we will have, um, such a diminished pool of PF to offer, um… just so we get it out to more than just a couple projects.

Noah: Um, another change is that, uh, when… when reviewing… when looking at surveys of water systems, there's a general… inverse relationship between… user base, and user rates, and so larger populations due to economies of scale, generally have… uh, lower, uh, water rates than those smaller communities. Um, especially when you get below, uh, 5,000 population. And so, because of that, um, we are going to implement a population cap threshold to receive PF of 25,000, meaning that only those applicants below, uh… 25,000 will qualify for PF. Um, just for an example of how, um, the amount of PF that we're offering will impact affordability based on population.

Noah: So, for… we offer… typically offer 20-year loans, um, at subsidized rates. It’s a community with 25,000 ratepayers that receives $500,000 and prince forgiveness for the life of that loan. Um, each rate payer would see their monthly rate, uh, decrease by about 10 cents a month. Uh, if it was a population 2,500 community, we'd be looking at a dollar a month. And if it's a population… a community with a population of just 250 ratepayers, you'd be looking at $10 a month, so it's an order of magnitude, uh, larger savings based on the population, based off of the small amount of PF we have to offer. Smaller communities are also more at risk for, um, severe rate, um, increases due to, uh, necessary repairs or improvements over, uh, those communities with a larger, um, ratepayer, uh, pool. Uh, next slide, Susie.

Disadvantage/Affordability Criteria Updates

Slide 5, timecode 0:08:48 / 15:11:18.

Noah: So, to further that, um, that aim we have revised… some of our criteria for principal forgiveness, um, we are upping the population points for those communities that are under 5,000. Uh, slightly tiered so that smaller communities are getting a slightly larger boost.

Noah: We are also, um, decreasing the points for… county unemployment rate. Uh, this is due to our desire to… uh, really try to focus on the community demographics, um, in question, we have seen cases where… um, communities that… would not meet our disadvantage criteria are in counties with… greater unemployment, um, and so reducing the points that… just the, the, um… lack precision, that looking at the county scale offers. Um, there isn't unemployment data that we can use at the municipal scale, which is why we use county.

Noah: And then, uh, Table 7 represent the principal forgiveness rate that would be applied for projects, um, based on the total… points that they receive across the six criterions. And, uh, so before the BIL, we started the principal forgiveness percentage at 30%. We extended that down to 10% for the BIL years, um, and expanded the number of, um… divisions. We are going to, uh, as this, uh, chart shows, cut out those, um… lower, uh, scoring, um, divisions to focus Principal Forgiveness on, um, the neediest communities. And so, the threshold to receive principal forgiveness, um, will again be higher, um, as it was prior to BIL. Um, and then we will be offering a bit less principal forgiveness per, um, PF score, um, just so that we can, uh, spread it around a little… a little more broadly. Next slide.

CWFP Priority PF

Slide 6, timecode 0:11:05 / 15:13:38.

Lisa: Great. So yeah, I'm gonna take over from here. I'm… Lisa Bushby, the Clean Water Fund Coordinator. Um, so we've had Priority PF for 9 years now, including state fiscal Year 27. It was first implemented when we had a surplus of PF, and… we decided that we wanted to use that extra PF to incentivize and… offset costs of certain types of projects. And when it was first implemented, it wasn't intended to be a permanent type of PF. Um, and now, since we will have a lot less PF after BIL, we've had to… we do have to make some changes to the priority PF um, categories.

Lisa: So, first we are proposing eliminating the energy efficiency PF. Um, currently we match Focus on Energy incentives, um, with energy efficiency PF. And although that's nice to have from a sustainability standpoint, it's not a core focus of our program, um, so we are proposing eliminating that type of PF, beginning in 28.

Lisa: Um, for phosphorus reduction, PF, uh, we do understand that there's still some communities that need to construct projects to meet stringent phosphorus limits, um, and we considered eliminating this type of PF since we'll have such, um, a limited amount available, but since we're going to have some rollover PF from 27, we decided to keep the phosphorus PF for one more state fiscal year but with lower caps. So, with our proposal, if the project is to meet a final limit, then the cap is now… $500,000, where it currently is one million, and then if the project is to meet an interim limit, then the cap is now $250,000 from $500,000.

Lisa: Um, all of the criteria for being eligible for this type of PF remains the same. However, the municipality must meet the updated affordability criteria, um, and receive at least 125 points, um, in that PF table that's on the previous slide, so Table 7. Um, so essentially, they do have to be a disadvantaged community with our… new affordability criteria in order to get the phosphorus PF.

Lisa: Um, in addition, we are not holding a specific amount of PF for Phosphorus projects, there will be one pool of PF that we will allocate and priority score down the funding list. So, we'll go down the list one project at a time and allocate general PF, and then any… eligible priority PF to the project, and then we'll continue down to the next project. Um, therefore, a project will only be allocated phosphorus PF if they are in the general PF range on the funding list. And a project could receive the general PF cap, up to the cap of $1 million, plus… phosphorus PF. Uh, next slide, please.

CWFP Priority PF (continued)

Slide 7, timecode 0:14:38 / 15:17:09.

Lisa: And regionalization continues to be a priority for the department. Therefore, we are keeping the regionalization PF, but at a much lower cap, um, given that the minimum that we project to be available is a total of 3.2 million, but there's no way we could keep the $3 million cap. So, we, um, reduced that cap to $500,000 per treatment plant discharge being eliminated. And to receive this PF, the municipality must meet the affordability criteria or be a disadvantaged community.

Lisa: Um, that is a change, um, previously, any community could be eligible for this type of PF, but now it's just the disadvantaged communities. And similar to the phosphorus PF, we are not holding back a specific amount of PF for regionalization projects. Um, however… the regionalization projects will continue to receive a high priority score. They do tend to be at the top of our funding list. Um, therefore, it is very likely there be in the general PF range on our funding list. And these projects can get the… general PF up to the cap of $1 million, um, plus the regionalization PF. Uh, next slide.

Removing Green Tier Eligibility

Slide 8, timecode 0:16:11 / 15:18:42

Lisa: Um, and lastly, I'm going to talk about PF for green tier communities. So, with our proposal, we are eliminating the additional 10% PF that Green Tier communities can receive. Um, kind of similar to energy efficiency PF, while it's nice to have Um, it's not, like, a core focus of our program. Um, and in addition, the Green Tier program is focused on sustainability practices in the community as a whole, and it doesn't necessarily focus on drinking water or clean water projects, um, specifically. And so now I'm going to turn it back over to Noah to do… a slide on disinfection.

Removing Disinfection Eligibility

Slide 9, timecode 0:17:03 / 15:19:32.

Noah: Thanks, Lisa. Uh, so similar to, uh, the green tier, um, PF that was offered. We do want to focus on the core principles, uh, of the program, um, and so we're also going to remove the additional 10% PF that has been offered but very seldomly, um, utilized for, uh, um, those municipalities that are providing disinfection, uh, where was not provided previously. Um, this is something that was added… about 15 years ago, when, um, state law was changed, and community water systems no longer had to offer disinfection. Um, it's not something that we've seen used, or even requested in many years, or in terms of applicants qualifying for, and so it just… looking to streamline, um, our program and then focus PF on, um, our disadvantaged criteria is… the rationale for removing this, uh, incentive as well. Pass. Next slide.

Questions

Slide 10, timecode 0:18:11 / 15:20:43.

Suzy: Alright, so feel free to start writing your questions in the chat. But as a wrap-up, we do want to remind everyone that we are a subsidized loan program and principal forgiveness has always been a relatively small part of the total funding that we award. So yes, the general… principal forgiveness amounts are going down, but the good news here is that the loan funding is coming from the revolving nature of our program and the bonding capacity. So, in general, our loan capacity isn't going to be significantly impacted. The loan capacity is going to remain fairly steady after BIL ends and the loan programs will still be very viable programs. We continue to encourage communities to… plan, as you have in the past, and continue to consider using the Clean Water Fund or Safe Drinking Water Programs as a source of funding for your projects.

Suzy: So, thanks again for joining today. I'm… I will leave it open for questions, but I do want to just pop to this next slide as…

Connect With Us

Slide 11, timecode 0:19:16 / 15:21:48.

Suzy: A reminder of, um, the deadline. And I… I see I put IUP in here, but it is… it is for the… paper. Alright, couple questions coming in… Oh, thanks, Casey. He put the link in the chat to the policy paper if you haven't seen it yet.

Suzy: Uh, alright. We have a question. What is the maximum PF as a small, disadvantaged community could potentially receive for regionalization?

[Suzy scrolls back through slides to General PF Caps.]

Lisa: Yeah, good question. Yeah, so that would be the 1.5. 1.5 million if…they're eliminating one discharge, um… if it's a joint project, then… there'd be a little bit more, another additional $500,000 for the second discharge being eliminated.

[Timecode 0:20:20 / 15:22:53.]

Suzy: John Richman, good question. Any change to lead service line program? Becky Scott, one of our program managers, responded, there will still be changes to the LSL program, but those haven't been worked out yet, more information will be released in the future on the LSL program.

[Overlapping speakers.]

Suzy: And I guess just… go ahead, Noah. Nope, go ahead.

Noah: Yeah, and I'll also… oh, sorry, Susie. I'll also add that, um, this… this discussion today is separate from the emerging contaminants pot of funding [for SDWLP]. Um, any funding that is left over from this year will be rolled over to next year, and that, um… has a different set of, um, principal forgiveness, um, rules. Sorry, back to you, Susie.

Suzy: I think I was gonna get at the same thing, that there will be some… BIL roll over from those programs. Okay.

[Timecode 0:21:23 / 15:23:53.]

Suzy: Joe Fitzgerald asks, what's the Wisconsin DNR's timeline for receiving and incorporating feedback? From this public comment period. So again, the deadline to submit comments via email is… by end of day Friday, August 14th. We'll try to work through those as quickly as possible. You should see… a final paper this fall yet. And then, um, those will be posted on the Principal Forgiveness webpage. I think we'll also have a link on the IUP webpage. And what is finalized will also be put into the… state fiscal year 2028 intended use plans. So, there will be another opportunity for feedback on the intended use plan is published. But these are big changes, so we did want to work on them early to ensure you guys had time to look at them and provide feedback ahead of time.

Suzy: Just pausing on that in case anyone has any follow-up questions or comments.

[Timecode 0:22:41 / 15:25:09.]

Suzy: Okay. Could you please reiterate when these new caps will be effective for incoming projects? Yes, so this is for State Fiscal Year 2028 funding. We just had the application deadline in June for state fiscal Year 2027 Drinking Water Projects. Applications for Clean Water Fund is… is currently open right now, closing in September. These applications that are occurring right now are not affected by this policy. They'll… they'll still… um, follow the existing intended use plan policies and… the policies that we had during the BIL years. So, you're looking at… um… what you would apply for next year, that next year's applications.

[Timecode 0:23:46 / 15:26:16.]

Suzy: Any more questions?

[Suzy scrolls forward through slides to Connect With Us.]

Suzy: So, I'm gonna click to the end again, just to have my contact information up, and… Again, if you haven't seen the paper, itself yet… um, there is… the link in the chat Casey posted, and then link on the slide here, and again, these slides are being recorded. We'll get those posted on the webpage, the Principal Forgiveness webpage, as soon as we can.

Suzy: Hold tight for just another minute or two in case any last-minute questions come in.

[Timecode 0:24:47 / 15:27:16.]

Suzy: All right. If you have other questions, our contact information is also on the page. Otherwise, we will wrap it up for the day and thank you for joining.

End of transcript and closed captions.

Contact Information

Direct questions to the following webinar presenters:

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For more information on principal forgiveness, visit dnr.wi.gov/aid/documents/EIF/guide/PF.html.

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