

US EPA ARCHIVE DOCUMENT



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION IX  
75 Hawthorne Street  
San Francisco, CA 94105-3901

OFFICE OF THE  
REGIONAL ADMINISTRATOR

OCT 24 2014

Linda M. Rosen, M.D., M.P.H.  
Director, Hawaii Department of Health  
1250 Punchbowl Street  
Honolulu, Hawaii 96813

Dear Dr. Rosen:

In 1996, Congress established and funded the Drinking Water State Revolving Fund program for states to provide low interest loans and grants to eligible water systems for design and construction of infrastructure to help systems comply with national drinking water standards. Since 1997, the U.S. Environmental Protection Agency has provided \$167 million to the Hawaii Department of Health to support cost-effective safe drinking water infrastructure projects in the state through the Hawaii Drinking Water Treatment Revolving Loan Fund program. However, the Department has not spent the funds in the DWTRLF in a timely manner, nor has it demonstrated the technical capability to operate the DWTRLF effectively.

The Department has not complied with the requirement to commit and expend funds in the DWTRLF as efficiently as possible and in an expeditious and timely manner, which applies to loan repayments, interest, fees and state match, as well as federal funds. The DWTRLF has recurrently had one of the highest percentages of unspent federal funds of any state drinking water revolving fund in the nation, and the amount of unexpended funds has grown in the past three years. Notwithstanding the Department's recent success in issuing \$25 million in loan agreements, as of June 2014, Hawaii continued to have \$100 million in unspent funds: \$33 million in federal funds and \$67 million in state funds. The latest national Drinking Water Infrastructure Needs Survey and Assessment reported to Congress that Hawaii has nearly \$1 billion in unmet drinking water needs. Hawaii's failure to fully utilize available funds compromises our mutual goal of assuring safe drinking water in Hawaii.

In addition, the Department has not complied with the requirement to manage DWTRLF funds in a sound, efficient, and prudent manner by having sufficient staff, effective tools and processes in place to track projects and plan expenditures. EPA's annual Performance Evaluation Reports have identified numerous significant issues and recommended follow-up actions, but Hawaii has not implemented the necessary changes. One example that illustrates deficiencies in the DWTRLF is the loan repayment process. Unlike other states, Hawaii recalculates a loan's repayment amount multiple times, which is inefficient and limits the state's ability to forecast and manage future fund balances using a cash flow model.

The enclosed Notice of Non-compliance describes the EPA's specific concerns and identifies the steps needed for the Department to be in full compliance and remain eligible for federal drinking water funding. The Notice of Non-compliance requires submittal of a corrective action plan to the EPA by January 30, 2015. If the Department fails to submit a corrective action plan by January 30, 2015, or, after the EPA's review and approval, fails to implement an element of the plan, the EPA may suspend grant payments, wholly or partly suspend current awards, wholly or partly terminate current awards, or withhold further grant awards until the state has taken acceptable actions.

My staff has been working with the Department over many years to improve administration and management of the DWTRLF. For the past year, a management evaluation of the DWTRLF program and development of a loans and grants tracking system have been underway to inform Hawaii's sustained achievement of the needed corrective actions. The management evaluation report is enclosed. The Department should incorporate into the corrective action plan the management evaluation recommendations that support returning to compliance, including those pertaining to the actions listed in the table of required components of the corrective action plan attached to the Notice of Non-compliance.

We look forward to continuing our joint efforts to address the critical drinking water needs in Hawaii. Please feel free to call me at 415-947-8702 or Jane Diamond, Water Division Director, at 415-947-8707 if you have questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jared Blumenfeld", is written over a light gray rectangular background.

Jared Blumenfeld

cc: Blake Oshiro, Governor's Office  
Gary Gill, Deputy Director, HDOH

Enclosures

**NOTICE OF NON-COMPLIANCE  
TO THE HAWAII DEPARTMENT OF HEALTH**

**I. Introduction**

The U.S. Environmental Protection Agency is issuing this Notice of Non-compliance to the Hawaii Department of Health for failing to comply with the requirements of the Safe Drinking Water Act, its implementing regulations, and the terms and conditions of the Hawaii Drinking Water Treatment Revolving Loan Fund grant agreements funded by the EPA for federal fiscal years 2006 through 2012. The EPA has determined that the DOH does not have adequate personnel and resources to manage the DWTRLF, nor has the DOH committed and expended all funds in the DWTRLF as efficiently as possible and in an expeditious and timely manner, in violation of the terms and conditions of the grant agreements and 40 C.F.R. §35.3550(c) and (l).

Under 40 C.F.R. §35.3585, the EPA may invoke compliance assurance procedures if the Agency determines that a state has not complied with its capitalization grant agreement, other requirements under 40 U.S.C. §300j-12, or 40 C.F.R. Part 31, or has not managed its Drinking Water State Revolving Fund in a financially sound manner. Upon issuance of a notice of non-compliance, the Agency may prescribe appropriate corrective action. Within 60 days of receipt of the notice of non-compliance or by some later date prescribed by the EPA, the state must remedy the specific instances of non-compliance or submit an acceptable corrective action plan to achieve the prescribed corrective actions. If the state fails to take the necessary actions or submit a corrective action plan to achieve the results required by the prescribed deadline, the EPA may suspend payments. Additionally, in accordance with 40 C.F.R. §31.43, the EPA may take other enforcement actions such as withholding further grant awards, wholly or partly suspending current awards, or wholly or partly terminating current awards.

**II. Background**

The Safe Drinking Water Act established the DWSRF program to make funds available to eligible entities to finance infrastructure improvements. The EPA provides grants to states to capitalize their DWSRF programs. The Act requires states to make timely loans or grants using all available funds to eligible water systems for necessary projects. States provide funds to match the federal capitalization grant funds (20%), and loan recipients repay loans and pay interest and fees. In addition, the Act allows states to reserve a portion of the funds from the DWSRF (referred to as set-asides) to support other important activities such as source water protection and wellhead protection programs. Set-aside funds must also be spent in a timely manner.

The EPA provides funding for, and oversees the DOH's implementation of, the DWTRLF. Since 1997, the EPA has provided the DOH with a series of grants totaling approximately \$167 million to capitalize the DWTRLF. The EPA conducts an annual review of the DWTRLF and provides the results to the

DOH in a program evaluation report. The EPA has identified a number of issues concerning financial performance of the DWTRLF during the past reviews.

In November 2004, the EPA notified the DOH that it was not in compliance with the requirements to commit and expend all funds as efficiently as possible and in an expeditious and timely manner as required under 40 C.F.R. §35.3550(l). The 2004 notice indicated that the DOH should have executed loans totaling \$35.7 million by September 30, 2004, but had only executed loans totaling \$16.8 million by that date. The EPA required the DOH to submit a revised fund utilization and efficiency plan and an updated DWTRLF binding commitment and loan tracking chart within 60 days of the notice. The DOH submitted a revised plan to the EPA in January 2005, but it failed to meet the loan execution schedule contained in the plan. Consequently, the EPA notified the DOH on June 30, 2005, that it was withholding payments on the DOH's DWTRLF capitalization grant. On September 27, 2005, the DOH notified the EPA that \$46.8 million in final loan agreements had been signed, bringing the DOH back into compliance. By letter dated September 29, 2005, the EPA released the withheld funds and closed the compliance assurance process initiated in November 2004.

Subsequently, the EPA documented the following concerns and recommendations in the Program Evaluation Reports covering 2005 through 2012, which remain unresolved to date:

- **Fund Utilization Rate.** The EPA recommended that the DOH commit more funds to improve the DWTRLF's fund utilization rate, which was well below the national average.
- **First In First Out.** The EPA recommended that the DOH begin using the oldest funds available to pay invoices, rather than linking individual projects (including set-aside contracts) to specific capitalization grants.
- **Loans and Grants Tracking System.** The EPA recommended that the DOH develop a comprehensive data system to track loan and grant information for the DWTRLF and Water Pollution Control Revolving Fund, eliminating the need for multiple independent spreadsheets.
- **Inadequate Personnel.** The EPA recommended that the DOH fill critical positions left vacant to reduce delays in the expenditure of funds in the DWTRLF, particularly funds in the 15% set-aside.
- **Set-aside Management.** The EPA recommended that the DOH develop a long term plan for managing the DWTRLF set-asides.
- **Unspent Funds.** The EPA recommended that the DOH reduce the high level of unspent funds in the DWTRLF loan fund and set-aside funds. In particular, the EPA recommended reducing the levels of unspent federal funds, which are known as unliquidated obligations or ULOs.
- **Program Management and Financial Processes.** The EPA recommended that the DOH establish a comprehensive cash flow model able to project the DWTRLF's long term loan capacity, since the lack of such model was hindering financial performance.

The DOH has not fully addressed these concerns and recommendations. Accordingly, the EPA is initiating compliance assurance procedures to improve the financial performance of the DWTRLF.

### III. Scope of Non-compliance

The EPA has determined that the DOH is in non-compliance with the following requirements:

#### 1) Non-compliance with Expeditious and Timely Use of the Funds in the DWTRLF

In accordance with 40 C.F.R. §35.3550(l), and the terms and conditions of the capitalization grant agreements, the DOH is required to commit and expend all funds in the DWTRLF as efficiently as possible and in an expeditious and timely manner. The DOH has not complied with this requirement, which applies to loan repayments, interest, fees and state match, as well as federal funds.

##### a) Commitment of Funds

The DOH has not committed all of its funds in the DWTRLF (federal funds, state match, loan repayments, interest earnings, fees and set-asides) in an expeditious and timely manner as required by 40 C.F.R. §35.3550(l), and the terms and conditions of the capitalization grant agreements (including the Expeditious and Timely Use of SRF Funds policy memoranda 95-03, 99-05, and 99-09, which were incorporated by reference in the programmatic terms and conditions of the agreements). As shown in Table 1, the DOH has had substantial uncommitted funds in the DWTRLF, as measured by its fund utilization rate, for several years due to the DOH's inability to process sufficient loan commitments for the DWTRLF. As of June 30, 2013, the DWTRLF was 16% below the national average in fund utilization.

**Table 1. Fund Utilization Rate<sup>1</sup>**

	<i>Year (as of June 30)</i>				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
<i>National</i>	87%	94%	90%	89%	91%
<i>DWTRLF</i>	71%	86%	74%	71%	75%

##### b) Expenditure of Funds

The DOH has not expended all of its funds in the DWTRLF (federal funds, state match, loan repayments, interest earnings, fees and set-asides) in an expeditious and timely manner as required by 40 C.F.R. §35.3550(l), and the terms and conditions of the capitalization grant agreements (including the Expeditious and Timely Use of SRF Funds policy memoranda 95-03, 99-05, and 99-09, which were incorporated by reference in the programmatic terms and conditions of the agreements).

<sup>1</sup> Fund utilization rate is calculated as the cumulative DWSRF assistance provided as a percentage of cumulative DWSRF funds available.

## i) Federal Funds

As of June 30, 2014, the DWTRLF had over \$33 million in unspent federal funds, including \$4 million in set-asides. The high federal ULOs have persisted for several years, increasing from \$31 million in October 2010 to \$52 million in October 2013 (Table 2). As a typical federal capitalization grant for the DWTRLF is about \$8 million, this level of ULOs represents several years of unspent funding, indicating that the DOH has not expended federal funds in an expeditious and timely manner. The \$33 million in ULOs is 20% of the sum of the federal capitalization grants awarded to the DWTRLF from the inception of the program through June 2014, which is the third highest percentage of ULOs in the nation.

**Table 2. Federal Unliquidated Obligations**

	<i>Year (as of October 1)</i>			
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
<i>DWTRLF</i>	\$31 million	\$46 million	\$51 million	\$52 million

## ii) Set-asides

The DOH's set-aside spending rate (Table 3) has consistently been about 20 percentage points below the national average for the past five years, and as of June 30, 2014 the DWTRLF had \$4 million in unspent set-aside funds. The EPA has not allowed the DOH to take any additional 15% funds in the last two years due to excess funds not obligated to projects. This indicates that the DOH has not been expending set-aside funds in an expeditious and timely manner.

**Table 3. Set-aside Spending Rate**

	<i>Year (as of June 30)</i>				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
<i>National</i>	79%	80%	80%	82%	84%
<i>DWTRLF</i>	57%	58%	59%	64%	70%

## iii) Repayments and Interest

The DOH has accumulated several years of repayments and interest earnings. As of June 30, 2014, the DOH had about \$57 million in unspent loan repayments and interest earnings in the DWTRLF.

The DOH has about \$100 million in unexpended project funds (federal, state match, repayments, and interest) sitting idle. If these funds were spent in new loans, the DOH would earn fees and interest as the loans were repaid, generating more funds to provide loans for other projects, run state water quality programs, and increase water quality benefits for the State of Hawaii.

Some of the key reasons for the DOH's failure to expend project funds in an expeditious and timely manner include: (1) failing to commit sufficient funds to new loans; (2) committing funds to projects that are not ready to proceed; and (3) allowing recipients to withhold reimbursement requests, instead of submitting them monthly as required in loan contracts.

Some of the key reasons for the DOH's failure to expend set-aside funds in an expeditious and timely manner include: (1) inadequate staffing in the set-aside programs and (2) taking more set-aside funds than it could spend in a budget period.

## 2) Non-compliance with the Technical Capability to Operate the DWTRLF Program

In accordance with 40 C.F.R. §35.3550(c) and the terms and conditions of the capitalization grant agreements, the DOH must demonstrate it has adequate personnel and resources to establish and manage the DWTRLF program. The DOH has not shown that it has sufficient resources and personnel to adequately manage the DWTRLF program. The DOH's lack of fiscal modeling and long term management planning has resulted in excessive levels of unspent funds.

### a) Financial Tracking and Modeling – Loans and Grants Tracking System and Cash Flow Model

The DOH has not demonstrated the ability to manage all DWTRLF funds, which has affected the progress and growth of its program. The DOH does not have a comprehensive financial tracking system (e.g., Loans and Grants Tracking System) and cash flow model that can analyze, coordinate and integrate the program's financial and project activities. The lack of comprehensive and integrated tracking and modeling tools has resulted in errors or confusion in tracking commitments, calculating outstanding balances and determining the program's funding capacity. The DOH cannot properly measure and track (1) assets and liabilities; (2) revenues earned (including loan repayments, capitalization grants, interest earnings, fees, and state match); and (3) expenses incurred (including loan disbursements and other expenditures). As a result, the DOH cannot forecast cash flow on a long term basis.

One factor limiting the DOH's ability to model cash flow is their loan amortization process. Other states amortize their loans once, after the recipient has taken all of the loan payments. The DOH amortizes its loans initially when the recipient takes its first loan payment and then re-amortizes the loan after each subsequent loan payment. Not only does this mean that the DOH spends a considerable amount of time amortizing each loan multiple times, but the process is so complex that is difficult to integrate the repayment and interest calculations into a cash flow model.

### b) Set-asides and Staffing

The DOH DWTRLF program has inadequate personnel to manage the set-aside programs pursuant to 40 C.F.R. §35.3550(c). A program the size and complexity of the DWTRLF demands dedicated



staff to sufficiently manage the set-aside program activities. Inadequate personnel to manage set-aside projects have contributed to excessive ULOs. The DOH has kept funds in set-aside accounts in anticipation of source water protection contracts. Issuance of the contracts, however, has been delayed by lack of personnel to manage the contracts. Likewise, funds for personnel have also been kept in set-aside accounts in anticipation of hires that have not occurred for several years.

#### IV. Corrective Actions and Consequences of Non-Compliance

The DOH needs to (1) increase commitments and make full use of its funding capacity to execute new assistance agreements; (2) increase timely disbursements; and (3) improve DWTRLF program operations, including its loan process, repayment process, cash flow projections, and set-aside management.

In accordance with 40 C.F.R. §35.3585(c), the DOH must submit a corrective action plan for achieving the results specified in this notice by January 30, 2015. Detailed information on the required components of the corrective action plan is included in the attachment to this notice. The DOH must take these corrective actions to avoid non-compliance in the future in accordance with 40 C.F.R. §35.3585(b). If the DOH fails to provide an acceptable corrective action plan by January 30, 2015, to achieve the results required, or subsequently fails to implement an element of a plan that the EPA approves, the EPA may suspend grant payments until the DOH has taken acceptable actions. In addition, pursuant to 40 C.F.R. §31.43, the EPA may take other actions, including withholding further grant awards, wholly or partly suspending current awards, or wholly or partly terminating current awards.



Jared Blumenfeld  
Region 9  
Regional Administrator

OCT 24 2014

Date

Attachment

**Attachment to the EPA Notice of Non-Compliance to the Hawaii Department of Health:  
Required Corrective Action Components**

Pursuant to 40 CFR 35.3585 (b) and (c), the DOH must submit a corrective action plan by January 30, 2015. If the DOH fails to provide an acceptable corrective action plan to achieve the results required, or subsequently fails to implement an element of an approved plan, the EPA may suspend grant payments until the DOH has taken acceptable actions, or take other enforcement actions under 40 C.F.R. §31.43. The CAP must address the following components:

<b>Item</b>	<b>Action</b>	<b>Deadline</b>	<b>Action Area</b>
1	Identify a senior DOH manager as the primary point of contact for tracking, overseeing and coordinating the DOH's activities associated with the CAP.	January 30, 2015	Data and Reporting
2	Submit a schedule for monthly meetings with the EPA to discuss progress on the CAP components. At least three days prior to each meeting, the DOH will provide a written agenda with updates on CAP components, the Management Study and the LGTS work assignments.	January 30, 2015	Data and Reporting
3	Submit a fund utilization plan for the 15% set-aside for each capitalization grant. The plan will identify the funds paid to date (with the associated project or activity being reimbursed), encumbered funds (with a schedule for expending the funds), and available funds (with a schedule for expending the funds).	January 30, 2015	Disbursements
4	Submit a summary of all 15% set-aside projects including recipient, project outcomes/outputs, funding level, project period and project status.	January 30, 2015	Technical Capabilities
5	Alter the loan amortization calculation methods for loans signed after March 1, 2015, to a one-time amortization of the loan upon project completion. This includes creating a projected amortization schedule at loan signing.	January 30, 2015	Data and Reporting
6	Submit a list of projects from the state fiscal year 2015 fundable list that are viable and ready to proceed within three to six months.	January 30, 2015	Loan Commitments
7	Submit a report establishing a target level for commitments (i.e., the amount of funding the DOH must commit in executed assistance agreements, based on maximum use of available loan funds, including capitalization grants, state match, fees, repayments and interest earnings) for state fiscal year 2015.	January 30, 2015	Loan Commitments
8	Submit a report establishing a target level for disbursements for state fiscal year 2015.	January 30, 2015	Disbursements
9	Meet with the EPA to select recommendations to implement from the final version of the LGTS Study.	30 days from receipt of final report	Technical Capabilities
10	Submit a plan, including a schedule, to implement selected recommendations from the LGTS Study.	30 days from meeting with the EPA	Technical Capabilities

Item	Action	Deadline	Action Area
11	Submit to the EPA a staffing plan including job descriptions and timeline to address at a minimum the following four deficiencies the EPA has identified: (1) information technology: expertise is needed with respect to the development, implementation and maintenance of LGTS; (2) financial analysis: expertise is needed with respect to financial modeling, strategic planning, and forecasting to determine funding capacity and create an understanding of the long term implications of funding decisions; (3) program management: expertise is needed for managing the SRFs (not limited to DWSRF) in a manner so as to integrate program, accounting, and financial activities to meet and sustain the goals of the CAP and Management Study; and (4) set-aside management: submit a schedule for filling the Program Specialist, Geologist and Chemist vacancies in SDWB, such that all three positions are advertised by March 31, 2015.	February 28, 2015	Technical Capabilities
12	The DOH will meet with the EPA to review and agree on the modifications to the Hawaii DWSRF State Environmental Review Process to ensure that the SERP meets the requirements of the federal DWSRF program.	February 28, 2015	SERP
13	Deadline for advertising the Program Specialist, Geologist and Chemist vacancies in SDWB. Submit a report describing the status of the vacancies in SDWB.	March 31, 2015	Technical Capabilities
14	Submit a report evaluating the extent to which each 15% set-aside project is meeting goals, outcomes, outputs and contract terms. Include a list and schedule for each deficiency and correction.	March 31, 2015	Technical Capabilities
15	Propose a commitment target for state fiscal year 2016 to use the state's full loan capacity (i.e., the amount of funding the DOH must commit in executed assistance agreements, based on maximum use of available loan funds, including capitalization grants, state match, fees, repayments and interest earnings). Target must be calculated using a cash flow model such as FOCUS that incorporates the DOH's project pipelines along with the counties' capital improvement plans. If the EPA has not yet provided state allotments for 2015, the DOH should confer with the EPA regarding an estimated amount for the 2015 capitalization grant. Submit a list of projects from the state fiscal year 2016 fundable list (or draft IUP), sufficient to meet the proposed commitment target, that are viable and ready to proceed within three to six months.	March 31, 2015	Loan Commitments
16	Submit a disbursement plan accounting for all sources of funds, including capitalization grants, state match, fees, repayments and interest earnings, developed using a cash flow model. Federal funds must be disbursed such that the balance of federal funds on June 30, 2017, (including loans and set-asides) does not exceed the sum of the 2015 and 2016 capitalization grants. The plan must include annual and cumulative disbursement targets for state fiscal years 2016 and 2017.	March 31, 2015	Disbursements
17	Deadline for finalizing and adopting modifications to the SERP such that it complies with federal requirements.	April 30, 2015	SERP

Item	Action	Deadline	Action Area
18	Submit a report (or final IUP) describing the DOH's plan for utilizing its full loan capacity in state fiscal year 2016, as determined using a cash flow model such as FOCUS that incorporates the DOH's project pipelines along with the counties' capital improvement plans. The report must describe (1) the DWTRLF's full loan capacity, which includes anticipated repayments as well as available funds (from capitalization grants, state match, fees, repayments and interest earnings); (2) the final commitment target for state fiscal year 2016 (the maximum amount the DOH can commit to executed assistance agreements) and (3) a list of projects from the 2016 fundable list sufficient to meet the final commitment target that are viable and ready to proceed within three to six months.	May 31, 2015	Loan Commitments
19	Submit a list of all executed final assistance agreements made in state fiscal year 2015 to verify that the commitment target for state fiscal year 2015 was met by June 30, 2015.	July 31, 2015	Loan Commitments
20	Submit evidence that the disbursement target set for state fiscal year 2015 was met by June 30, 2015. If future annual and cumulative disbursement targets need to be adjusted to meet the June 30, 2017, target, submit an analysis using a cash flow model to justify these changes.	July 31, 2015	Disbursements
21	Submit evidence that the 15% set-aside achieved a cumulative spending rate of 75% by June 30, 2015.	July 31, 2015	Disbursements
22	Propose a commitment target for state fiscal year 2017 to use the state's full loan capacity (i.e., the amount of funding the DOH must commit in executed assistance agreements, based on maximum use of available loan funds, including capitalization grants, state match, fees, repayments and interest earnings). Target must be calculated using a cash flow model such as FOCUS that incorporates the DOH's project pipelines along with the counties' capital improvement plans. If the EPA has not yet provided state allotments for 2016, the DOH should confer with the EPA regarding an estimated amount for the 2016 capitalization grant. Submit a list of projects from the state fiscal year 2017 fundable list (or draft IUP), sufficient to meet the proposed commitment target that are viable and ready to proceed within three to six months.	March 31, 2016	Loan Commitments
23	Submit a report (or final IUP) describing the DOH's plan for utilizing its full loan capacity in state fiscal year 2017, as determined using a cash flow model such as FOCUS that incorporates the DOH's project pipelines along with the counties' capital improvement plans. The report must describe (1) the DWTRLF's full loan capacity, which includes anticipated repayments as well as available funds (from capitalization grants, state match, fees, repayments and interest earnings); (2) the final commitment target for state fiscal year 2017 (the maximum amount the DOH can commit to executed assistance agreements); and (3) a list of projects from the 2017 fundable list sufficient to meet the final commitment target that are viable and ready to proceed within three to six months.	May 31, 2016	Loan Commitments
24	Submit a list of all executed final assistance agreements made in state fiscal year 2016 to verify that the commitment target for state fiscal year 2016 was met by June 30, 2016.	July 31, 2016	Loan Commitments

<b>Item</b>	<b>Action</b>	<b>Deadline</b>	<b>Action Area</b>
25	Submit evidence that the disbursement target set for state fiscal year 2016 was met by June 30, 2016. If future annual and cumulative disbursement targets need to be adjusted to meet the June 30, 2017, target, the DOH shall submit an analysis using a cash flow model to justify these changes.	July 31, 2016	Disbursements
26	Submit evidence that the 15% set-aside achieved a cumulative spending rate of 80% by June 30, 2016.	July 31, 2016	Disbursements
27	Achieve a balance of unliquidated federal funds, including set-asides, of no more than the sum of the federal capitalization grants for federal fiscal years 2015 and 2016.	June 30, 2017	Disbursements
28	Submit a list of all executed final assistance agreements made in state fiscal year 2017 to verify that the commitment target for state fiscal year 2017 was met by June 30, 2017.	July 31, 2017	Loan Commitments
29	Submit evidence that the disbursement target set for state fiscal year 2017 was met by June 30, 2017.	July 31, 2017	Disbursements
30	Submit evidence that the 15% set-aside achieved a cumulative spending rate of 80% by June 30, 2017.	July 31, 2017	Disbursements