

Disadvantaged Communities Nomenclature Within the State of California: Findings and Conclusions

A Recommendation Document



Authors:

Oceana Haaland

Pablo Ortiz

CivicSpark Fellows 2021–2022

Project Sponsors:

Anecita Agustinez, Tribal Policy Advisor

Carmel Brown, Manager, Financial Assistance Branch

July 2022

This document was developed through the California Department of Water Resources' Office of the Tribal Policy Advisor and Financial Assistance Branch and does not reflect the opinions or research of other departments within California Natural Resources Agency. The assignment was tasked to CivicSpark Fellows Oceana Haaland and Pablo Ortiz, under the supervising direction of Anecita Agustinez, Carmel Brown, Maria Lorenzo-Lee, and Barbara Cross.

Preface

The information utilized in this document came from the California Department of Water Resources' (DWR's) community engagement efforts, such as listening sessions convened by DWR through its Integrated Regional Water Management (IRWM) program, and from other State agencies. Information was also gathered from various consultations with California's Native American Tribal (Tribes) communities, recommendations from DWR's Tribal Advisory Committee for the California Water Plan, and from Tribal Water Summits. Additional information was found via public records and is in no way exhaustive. The list of agencies and definitions likely contains gaps in data that could be remedied with further research and input from other branches, departments, and agencies.

Table of Contents

Preface	1
Table of Contents	1
Executive Summary	3
Introduction	4
DAC Engagement Background	5
Justice40 — Federal Background	6
Community-Targeting Nomenclature Across Agencies	8
Tables	11
Nomenclature Origins and Development of Definitions	19
Nomenclature Timeline	20
Preliminary Conclusions and Recommendations	25

Executive Summary

The purpose of this document is to inform other State agencies of the discrepancies in disadvantaged community (DAC) nomenclature and qualifications and identify opportunities for better alignment moving forward. Our research across State, federal, and local programs has found over ten terms and many more definitions that are used to define disadvantaged communities. These findings should encourage any program providing assistance for underserved or underrepresented communities to consider the need for consistent terminology that serves communities first and minimizes confusion.

Definitions of “disadvantaged community,” or DAC, have been present in State legislation since the late 1990s and have been incorporated into State programs starting in the early 2000s. The term was originally introduced to direct drinking water bonds to communities that fall below 80 percent of the statewide Median Household Income (MHI). However, as different programs within State agencies have evolved — especially those funding water and climate projects — so has their use of this term and its technical definition. Notably, the California Environmental Protection Agency (CalEPA) was tasked with defining DAC for cap-and-trade proceeds programs and developed a specialized metric and tool called *CalEnviroScreen*, which is based on environmental pollution burden and social vulnerability, thus bifurcating the definition of DAC in State programs.

Different terms and imprecise definitions are currently used across and within different State agencies, causing confusion for Tribes, communities, agencies, and program staff. Also, these terms and definitions do not always accurately represent the communities they are trying to target, either because of data gaps or misidentification of some groups. Thus, there is a strong need for better term/definition alignment across agencies, especially because of upcoming federal funding laws (such as the Bipartisan Infrastructure Law) and the Justice40 initiative, which requires 40 percent of funds related to clean energy and transit, sustainable housing, workforce development, and clean water infrastructure to be disbursed to disadvantaged communities. Some of this funding may start to be distributed later in 2022 or 2023 after federal DAC definitions and environmental justice mapping tools are released in 2022.

DWR is recommending that State agencies consider developing more inclusive and consistent terminology to clearly demonstrate how a community is qualifying for State assistance. Improved alignment and communication between agencies would also require collaborating on mapping tools and other resources that help implement local assistance. Ultimately, systemic and legislative change will be required to remedy this confusion — as some of these terms are defined in statute. Future legislation should include broad, yet uniform, criteria for defining underrepresented communities so that State agencies have the flexibility to be as inclusive and equitable as possible in their grant programs.

Preliminary versions of this document have been distributed to the California Natural Resources Agency (CNRA), California Environmental Protection Agency (CalEPA), US Army Corps of Engineers, the Governor's Office of Planning and Research (OPR), California Department of Parks and Recreation (Parks) and other agencies. This will hopefully lead to broader discussions with the greater grant funding community in California. This document may also be expanded into a workshop series, blog posts, or guidance document.

Introduction

The acronym “DAC” (Disadvantaged Communities) is used by federal/State/local governments and nonprofits in California to identify and target populations for funding and support. Two prominent definitions — one based on Median Household Income relative to the state median and the other based on environmental vulnerability determined by the CalEnviroScreen tool — are used by State agencies in their grant and technical assistance programs, often without distinguishing the usage in the main text. This can be a point of confusion for grantees and prospective applicants who are unsure if they qualify.

California Native American Tribes have also expressed confusion on the various definitions utilized by State agencies. Tribes are often considered a disadvantaged community, but the terminology itself places a different set of burdens upon California’s sovereign Tribal nations. California Native American Tribes are sovereign entities as acknowledged by the State of California through Executive Order (EO) B-10-11 and affirmed by EO N-15-19. Tribal representatives have expressed that the term DAC, as defined, erodes the self-governing nature of sovereign nations. Furthermore, many mapping tools do not provide data from Tribal lands and various other local

reporting metrics which are not included in Census data. Tribes may not fully participate in Census and environmental quality data gathering because of historical mistrust of governmental reporting methods, leading to the inability to provide clear metrics for third-party review.

Additionally, several other terms have been used by agencies to refer to target populations. While this helps to distinguish a separate set of qualifications that are outlined by “DAC,” the accumulation of acronyms and terminology can further confuse Tribes, local communities, partners, and even program staff, especially when definitions are not consistent between agencies. These communities may be unsure of whether they qualify for a program when different terms and criteria exist for different programs.

This document provides an overview of relevant terms, the agencies and programs that utilize them, and the challenges and opportunities within the available nomenclature, and outlines recommendations to address the issues of equity and inclusion related to language used in water management practices. Of particular importance, State policies addressing equity issues and social and environmental justice require in-depth review to determine how communities can achieve equitable outcomes regarding funding or overall representation.

Recent DAC Engagement

Discussion about the nomenclature surrounding DACs has been prevalent for many years, as seen throughout the many State-organized summits and listening sessions that targeted disadvantaged communities. Figure 1 illustrates the points in time where DWR and CalEPA conducted outreach and engagement with underrepresented communities. This series of events opened the discussion for DAC self-identification and terminology refinement.

DAC nomenclature was discussed during the 2018 Integrated Regional Water Management Disadvantaged Community Involvement “Lessons Learned” Summit as well as the [2020 Disadvantaged Communities and Tribal Involvement \(DACTI\) Virtual Summit](#). During the 2018 proceedings, panelists and community members shared the importance of definitions when conducting assessments and shaping agency requirements. Panelists also mentioned the potential use of an improved tool to identify DACs, using

additional data sources such as income, social vulnerability, and other criteria to reflect the needs of communities more accurately.

At the 2020 summit, panelists and participants discussed how the term “DAC” is controversial, as it carries a negative connotation for some and often does not capture all communities of need. Consequently, other terms to replace DAC, such as “underrepresented,” “overburdened,” or “structurally disenfranchised,” were presented to increase precision. The summit determined that these definitions should be vetted by communities and Tribes prior to adoption.

Through these points of engagement, DWR heard first-hand the confusion DAC grantees have experienced and was able to address this feedback by revising definitions to better suit the communities it aims to serve. The need for a whitepaper discussing this topic was also identified through the DACTI progress report recommendations and observations made by DWR grant program staff.

Figure 1 Timeline of State Engagement with DACs



Justice40 — Federal Background

In January 2021, President Biden signed [EO 14008](#), which created a government-wide “Justice40 Initiative” that aims to deliver 40 percent of the overall benefits of relevant federal investments to disadvantaged communities. EO 14008 references the term “disadvantaged communities,”

which has been used in existing federal and State programs to prioritize funding for environmental justice.

Initially, this language recommended that federal agencies should consider appropriate data, indices, and screening tools to determine whether a specific community is disadvantaged based on a combination of variables that may include, but are not limited to:

- Low income, high and/or persistent poverty.
- High unemployment and underemployment.
- Racial and ethnic residential segregation, particularly where the segregation stems from discrimination by government entities.
- Linguistic isolation.
- High housing cost burden and substandard housing.

Justice40 also recommended including the following considerations when defining underserved communities:

- Majority minority populations.
- High rate of health disparities.
- Non-attainment of clean air and water standards.
- Formerly redlined.
- Food insecurity and child nutrition levels.
- Children receiving school lunch programs.
- Income and percentage of households on supplementary income benefits.
- Numbers of superfund, waste, landfills, and toxic facilities.
- Low education attainment and low high school graduation rates.
- High maternal and infant mortality rates.
- High asthma rates and deaths.
- Poorly maintained stock of housing.
- Lack of grocery stores and proliferations of cent stores and fast-food outlets.

As a result of these recommendations and the Bipartisan Infrastructure Law passed in November 2021, the Council on Environmental Quality created a

beta version of the [Climate and Economic Justice Screening Tool](#) in February 2022. As stated in the federal register via <https://www.federalregister.gov/documents/2022/02/23/2022-03920/climate-and-economic-justice-screening-tool-beta-version>, “The function of the tool is to employ indicators for the purpose of identifying communities that exhibit conditions of underinvestment in energy, transit, housing and water infrastructure, disproportionate pollution burden, and job training and employment. [Federal] Agencies will use the tool to guide program investments in the areas noted above under the Justice40 Initiative.” DWR may use this tool in tandem with ongoing research and discussion to help facilitate an alignment of mapping tools within the department. Accordingly, it is important for California State agencies to consider aligning definitions to appropriately distribute Justice40 funding in the future.

Community-Targeting Nomenclature Across Agencies

The term “DAC” has several definitions used across various agencies, and this causes confusion and controversy among grantees and prospective applicants. The California Environmental Protection Agency (CalEPA)’s CalEnviroScreen tool has identified “DAC” communities and census tracts as those most impacted by and susceptible to pollution, and this definition has been adopted by several State agencies. DWR further distinguishes communities affected by pollution as “EnvDAC” in the 2020–2021 Sustainable Groundwater document, https://water.ca.gov/-/media/DWR-Website/Web-Pages/Work-With-Us/Grants-And-Loans/Sustainable-Groundwater/Files/Prop-68_psp_final_2020_ay20.pdf, but DWR generally refers to these groups as “DACs.”

In other agencies and organizations, “DAC” is used to refer to an economic condition of communities whose median household income is at or below 80 percent of the statewide MHI; some agencies instead designate these communities as “low-income communities.” In certain cases, MHI is compared to a State-determined income and not the current statewide number. The term “Severely Disadvantaged Community” (SDAC) is used alongside the economic definition of DAC to designate communities with an MHI below 60 percent of the statewide median.

Phrases such as “disadvantaged community,” “underrepresented community,” and “low-income” may be more descriptive for a program’s

goals but are deemed inappropriate by the communities meant to be represented. Sometimes Tribes are included “de facto” in the DAC definition for specific programs, despite not self-identifying as disadvantaged. California may not have the data to determine a Tribe’s characterization for CalEnviroScreen or MHI screening, but Tribes are included in some programs that address representation and vulnerability at large (e.g., DACTI).

Additionally, Tribes as sovereign nations that exercise self-governance and administration call for a separate focus entirely. Since time immemorial Tribes possess the inherent right and authority over their people and territory. This sovereign right predates the establishment of the Federal Government and the U.S. Constitution. Tribes are not stakeholders, or members of the public, or an ethnic group, but sovereign governments which require State agencies to engage in government-to-government consultation.

In California, Governor Brown’s EO B-10-11 (2011) presented State recognition of California Native American Tribes as sovereign nations that have “authority over their members and territory” where Tribal members are “both citizens of California and their respective sovereign nations” with “shared interest in creating increased opportunities for all California citizens.” The recognition presented in the EO resulted in a commitment to identify “areas of mutual concern” through developing partnerships via effective government-to-government consultation with California Tribes. More recently, Governor Newsome issued EO N-15-19 (2019) which acknowledged and apologized for “historical wrongs” committed by the State of California toward California Native Americans. This order reaffirmed the principles in EO B-10-11 and established the Truth and Healing Council “to accurately represent the diversity of experience of California Native Americans within the State of California.” These orders effectively require State agencies to engage in government-to-government consultation to identify and address shared concerns that affect both citizens of California and Tribal members. As such, the various definitions of “DAC” does not accurately capture the State’s recognition of Tribal sovereignty.

Historically, Native American Tribes and other underrepresented communities have not been accurately reported in census data often because of a historical mistrust in government surveys. Thus, definitions of DAC that use historical census data are likely to further exclude and may not

accurately represent communities that are not recorded in the census but still require water and environmental assistance.

A Note on Federal Nomenclature

Many federal departments use the “Poverty Guidelines” developed by the U.S. Department of Health and Human Services to determine whether a community is disadvantaged. Those guidelines are based on the “Poverty Thresholds” updated each year by the US Census Bureau. The basis for the thresholds update is the Consumer Price Index for Urban Consumers (CPI-U) and the annual American Community Survey (an annual survey of rural communities in the US). Some federal agencies use these guidelines while others do not. While different federal agencies use different terms, such as “socially disadvantaged” or “underserved communities,” they mostly use the annual guidelines developed by U.S. Health and Human Services as their base data. These Poverty Thresholds were originally developed in 1963–64 by the U.S. Bureau of Budget (now called the U.S. Office of Management and Budget) and were based on the cost of food and family size. No poverty lines have been developed for housing, transportation, home heating, etc. The poverty threshold figure is used in all 50 states, so there are no cost-of-living adjustments.¹

¹ The preliminary research in this paragraph was provided by DWR’s Division of Flood Management.

Tables

The tables in this section list the array of terms and definitions that federal, State, and local agencies use to target underrepresented communities and the sources and/or applications of those terms.

Table 1 shows 10 different terms with over 15 definitions used among State agencies, and this contributes to the confusion that grantees and program staff experience. Table 2 presents a sample of local agency definitions from three California regions. This provides an example of how IRWM funding recipients have adopted and applied the Proposition 1 definition of DAC to their programs. Furthermore, Table 3 presents a sample of four federal agencies that have terms related to DAC with broader definitions. Often State agencies are responsible for distributing federal funds and are required to follow the federal agency's guidelines on underrepresented communities.

These tables are representative samples and do not reflect fully exhaustive or ongoing research of federal, State, and local agencies. Further research is pending to expand the information presented within the tables below.

Color Key:

- **Blue** = communities based on median household income.
- **Green** = communities based on environmental vulnerability.
- **Orange** = Tribes.

Table 1 State Agency Disadvantaged Community Nomenclature Table

Parent Agency	Department	Term	Technical Definition	Source or application	Year	Mapping Tool
California Natural Resources Agency	Department of Water Resources	Disadvantaged Community (DAC)	Median Household Income (MHI) ≤ 80% of statewide	Proposition (Prop) 1 Implementation Proposal Solicitation Package (from Water Code).	2002 (Prop 50), 2014 (Prop 1)	Prop 1 DAC Mapping Tool
California Natural Resources Agency	Department of Water Resources	Severely Disadvantaged Community (SDAC)	MHI ≤ 60% statewide	Grant programs, determines priority and funding match waivers; defined in Prop 1 and Prop 68	2007–2008 (SWRCB)	Prop 1 DAC Mapping Tool
California Natural Resources Agency	Department of Water Resources	Economically Distressed Area (EDA)	MHI ≤ 85% statewide; population must be below 20,000; financial hardship and/or low population density	Prop 1 Implementation PSP (from Water Code)	2014	N/A
California Natural Resources Agency	Department of Water Resources	Environmentally Disadvantaged Community (EnvDAC)	CalEnviroScreen*	SGM Grant Program; defined in Prop 68 Implementation Round 1	2020	CalEnviroScreen

Parent Agency	Department	Term	Technical Definition	Source or application	Year	Mapping Tool
California Natural Resources Agency	Department of Water Resources	Under represented Community (URC)	DACs (CalEnviroScreen*+MHI), Tribes, EDAs, and Fringe Communities	SGM Grant Program; defined in Prop 68 Planning Round 3, Implementation Round 1 , and referenced in 2021 Urban and Multi-Benefit Drought Funding Program Guidelines	2020	CalEnviroScreen DAC Mapping Tool
California Natural Resources Agency	Department of Water Resources	Fringe Communities	Do not qualify under CalEnviroScreen, but are within 5% of the cutoff for either CalEnviroScreen score	SGM Grant Program: Paired with the URC definition in Prop 68 Implementation Grants Program ; expands the communities covered by “DAC”	2020	CalEnviroScreen
California Natural Resources Agency	Department of Parks and Recreation	Disadvantaged Community (DAC)	MHI ≤ 80% of statewide	Parks for All Californians ; Prop 68	2018	Community FactFinder
California Natural Resources Agency	Department of Parks and Recreation	Severely Disadvantaged Community (SDAC)	MHI ≤ 60% of statewide	Parks for All Californians ; Prop 68	2018	Community FactFinder

Parent Agency	Department	Term	Technical Definition	Source or application	Year	Mapping Tool
California Natural Resources Agency	Department of Fish and Wildlife	Severely Disadvantaged Community (SDAC)	MHI ≤ 60% of statewide	Forest Conservation Program; Prop 68 and Prop 1	2014	DWR's DAC Mapping Tool , Community FactFinder
California Natural Resources Agency	Energy Commission	Disadvantaged Community (DAC)	CalEnviroScreen*, MHI ≤ 80% of statewide, MHI ≤ 80% of Area Median Income (AMI), Tribes	DAC Advisory Group (included MHI and Tribes in 2021)	2015	CalEnviroScreen
California Natural Resources Agency	Ocean Protection Council	Disadvantaged Community (DAC)	MHI ≤ 80% of statewide	Prop 1 and Prop 68	2018	DAC Mapping Tool
California Environmental Protection Agency	Air Resources Board (CARB)	Priority Population	CalEnviroScreen*+MHI	Cap and Trade Program ; AB 32	2006	CalEnviroScreen Priority Populations Investment Map
California Environmental Protection Agency	State Water Resources Control Board (SWRCB)	Disadvantaged Community (DAC)	MHI ≤ 80% of statewide	Technical Assistance Funding Program , Prop 1 and Prop 68	2007	N/A
California Environmental Protection Agency	State Water Resources Control Board (SWRCB)	Small Community	Population less than 10,000	Technical Assistance Funding Program , Prop 1 and Prop 68	2021	N/A
California Environmental Protection Agency	Office of Environmental Health Hazard Assessment (OEHHA)	Disadvantaged Community (DAC)	CalEnviroScreen*	Cap and Trade Program ; AB 32/SB 535	2006 / 2012	CalEnviroScreen, SB 535 Priority Populations Map

Parent Agency	Department	Term	Technical Definition	Source or application	Year	Mapping Tool
California Department of Food and Agriculture (CDFA)	California Department of Food and Agriculture (CDFA)	Severely Disadvantaged Community (SDAC)	MHI ≤ 60% statewide	State Water Efficiency and Enhancement Program; Prop 68	2019	Community FactFinder
California Department of Food and Agriculture (CDFA)	California Department of Food and Agriculture (CDFA)	Socially Disadvantaged Group	A group whose members have been subjected to racial, ethnic, or gender prejudice	State Water Efficiency and Enhancement Program; 2017 Farmer Equity Act (AB 1348)	2017	N/A
State Transportation Agency (CalSTA)	Department of Transportation (CalTrans)	Priority Population(s)	CalEnviroScreen*+MHI	Cap and Trade Program ; AB 32/SB 535	2006 / 2012	CalEnviroScreen , CARB's SB 535 Priority Populations Map
Governor's Office of Planning and Research (OPR)	Integrated Climate Adaptation and Resiliency Program (ICARP)	Climate Vulnerable Populations	Determined via climate vulnerability assessment	Defining Vulnerable Communities In The Context Of Climate Adaptation Resource Guide	2018	N/A
Governor's Office of Emergency Services (Cal OES)	Office of Emergency Services (Cal OES)	Disadvantaged Communities	Variables: income, unemployment, race, language, housing, climate change impacts, healthcare, etc. Applicants screened on case-by-case basis	FEMA's Hazard Mitigation Assistance Program	2021	N/A

Parent Agency	Department	Term	Technical Definition	Source or application	Year	Mapping Tool
Governor's Office of Emergency Services (Cal OES)	Strategic Growth Council	Disadvantaged Community	CalEnviroScreen*+MHI	Regional Climate Collaboratives Program	2022	Prop 1 DAC Mapping Tool CalEnviroScreen CARB's Priority Populations Investment Map
Public Utilities Commission (CPUC)	Public Utilities Commission (CPUC)	Disadvantaged Community (DAC)	CalEnviroScreen*	DAC Advisory Group; SB 350	2015	CalEnviroScreen
Public Utilities Commission (CPUC)	Public Utilities Commission (CPUC)	Environmental and Social Justice (ESJ) Community	CalEnviroScreen*, MHI, and Tribes	DAC Advisory Group	2019	CalEnviroScreen

*Communities scoring in the top 20 percent for climate burden/vulnerability on CalEnviroScreen 3.0 or the top 25 percent on CalEnviroScreen 4.0.

Table 2 Regional Agency DAC Table

Region	Local Agency	Term	Technical Definition	Source or application	Year	Mapping Tool
Northern CA	North Coast Resource Partnership	Disadvantaged Community (DAC)	MHI ≤ 80% of statewide	Prop 1	2020	NCRP Map , DWR's DAC Mapping Tool
Northern CA	North Coast Resource Partnership	Severely Disadvantaged Community (SDAC)	MHI ≤ 60% of statewide	Prop 1	2020	NCRP Map , DWR's DAC Mapping Tool

Region	Local Agency	Term	Technical Definition	Source or application	Year	Mapping Tool
Northern CA	North Coast Resource Partnership	Economically Disadvantaged Community (EDA)	MHI between 80-85%+financial hardship, unemployment, population density	Prop 1	2020	NCRP Map , DWR's DAC Mapping Tool
Central CA	Tulare-Kern Funding Area	Disadvantaged Community (DAC)	MHI ≤ 80% of statewide	DACI Program; Prop 1	2014	Needs Assessment Mapping Tool
Southern CA	Santa Ana Watershed Project Authority (SAWPA)	Disadvantaged Community (DAC)	MHI ≤ 80% of statewide	Prop 1 Implementation PSP (from Water Code)	2014	N/A
Southern CA	Santa Ana Watershed Project Authority (SAWPA)	Severely Disadvantaged Community (SDAC)	MHI ≤ 60% of statewide	Prop 1	2014	N/A

Table 3 Federal Agency Table

Parent Agency	Department	Term	Technical Definition	Source or application	Year	Mapping Tool
Department of Homeland Security (DHS)	FEMA	Small Impoverished Community	A community of 3,000 or fewer individuals that is economically disadvantaged (usually MHI ≤ 80%)	Hazard Mitigation Program, Flood Mitigation Assistance	2018	N/A

Parent Agency	Department	Term	Technical Definition	Source or application	Year	Mapping Tool
Department of Homeland Security (DHS)	FEMA	Underserved Communities	Populations that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life	Executive Order 13985	2021	N/A
US Department of Agriculture	US Department of Agriculture	Socially Disadvantaged Groups	Groups that have been subject to racial or ethnic prejudice	Rural Development Loan and Grant Assistance; 2018 Farm Bill	2018	N/A
Department of Housing and Urban Development (HUD)	Department of Housing and Urban Development (HUD)	Low-income Communities	MHI \leq 80% of statewide	Community Development Block Grant (CDBG) Program; Housing and Community Development Act of 1974	1974	N/A
Department of the Army	U.S. Army Corps of Engineers	Economically Disadvantaged Community	MHI \leq 80% of statewide (preliminary definition)	Corps Water Infrastructure Financing Program	2021	N/A

Nomenclature Origins and Development of Definitions

The use of the term “disadvantaged community” in State funding programs draws its origins from several acts passed in the late 1990s that fund drinking water projects and give priority to projects serving less financially resilient communities. The first to do so was the Safe Drinking Water Act of 1995, which designated communities as “Disadvantaged” if the median household income was less than 80 percent of the statewide median. The legislation that followed over the next two decades allocated more State funding and bonds toward local water projects and re-used the 1995 definition to set aside a percentage of grant and loan money for DACs and in some cases reduced or waived a cost-share requirement for those communities’ projects. Several of the funding sources used for DWR’s active grant programs, in particular Proposition 84 (2006), Proposition 1 (2014), and Proposition 68 (2018), draw their definitions of disadvantaged communities back to the same section of the CA Water Code (§ 79505.5) from 2002. This definition is applied by DWR, State Water Resources Control Board, and California Department of Parks and Recreation since the original acts primarily focus on funding for water projects and extends to State parks in some cases.

In 2012, an amendment to the California Global Warming Solutions of 2006, required 25 percent of proceeds from the State’s Cap and Trade program to benefit disadvantaged communities. Senate Bill 535 did not reference the DAC definitions as presented in the CA Water Code (2002) and Health and Safety Code §116275 (1995 Safe Drinking Water Act). Instead, it gave CalEPA the responsibility of determining eligibility and emphasized the need to identify communities disproportionately affected by pollution. To accomplish this, California’s Office of Environmental Health and Hazard Assessment (OEHHA) developed the CalEnviroScreen tool, which uses a variety of environmental vulnerability metrics to score communities. Those scoring in the top percentile are designated as disadvantaged communities.

From this point forward, two conflicting uses of the term “DAC” have emerged, one as a euphemism for a “low-income community” (which coincidentally is the term used instead by some agencies) and the other to describe communities disproportionately affected by pollution, climate change, and environmental hazard. **The two parallel definitions have been the cause of confusion for grant applicants.** In searching for a mapping tool to determine eligibility, a community may find a map that is

not applicable to the program they are applying for. Additionally, communities in need may be wondering why they qualify for one definition but not another.

DWR has engaged directly with communities as part of its Prop 1 Disadvantaged Communities Involvement (DACI) program, which is now (since 2020) called the Disadvantaged Community and Tribal Involvement (DACTI) program in response to feedback from Tribal advocates using this title to identify themselves under the broad DAC term. Some communities and Tribes that were identified as DACs by the Prop 1 definition provided feedback that they did not want to be referred to as a “DAC.” In addition, since Prop 68 did not hold DWR to the strict definition of DAC (which referenced MHI), DWR conducted research in 2020 to expand the definition for the Prop 68 funding guidelines. Currently, Prop 68 utilizes “underrepresented communities” (URC), and its criteria has been expanded to provide dedicated funding to communities meeting either definition of DAC as well as those California Native American Tribes and communities on the fringes² of CalEnviroScreen qualification. **This marks DWR’s departure from the practice of using MHI only to identify disadvantaged communities.** Yet, the core term “DAC” still holds a different definition depending on the agency and can still be a source of confusion.

The following pages include a timeline and a visual graphic that illustrate the legislative and programmatic origins of the main DAC nomenclature definitions: MHI and CalEnviroScreen.

Nomenclature Timeline

1995: CA Safe Drinking Water Act (part of Health and Safety Code) gives priority and waives match funding for public school water projects in disadvantaged communities. Defines DACs as the service area of a community water system (or community therein) in which MHI is less than 80 percent of the statewide median.

1996: US Safe Drinking Water Act is amended and includes mention of subsidies for disadvantaged communities, which are to be defined by individual states after public review of “affordability criteria.”

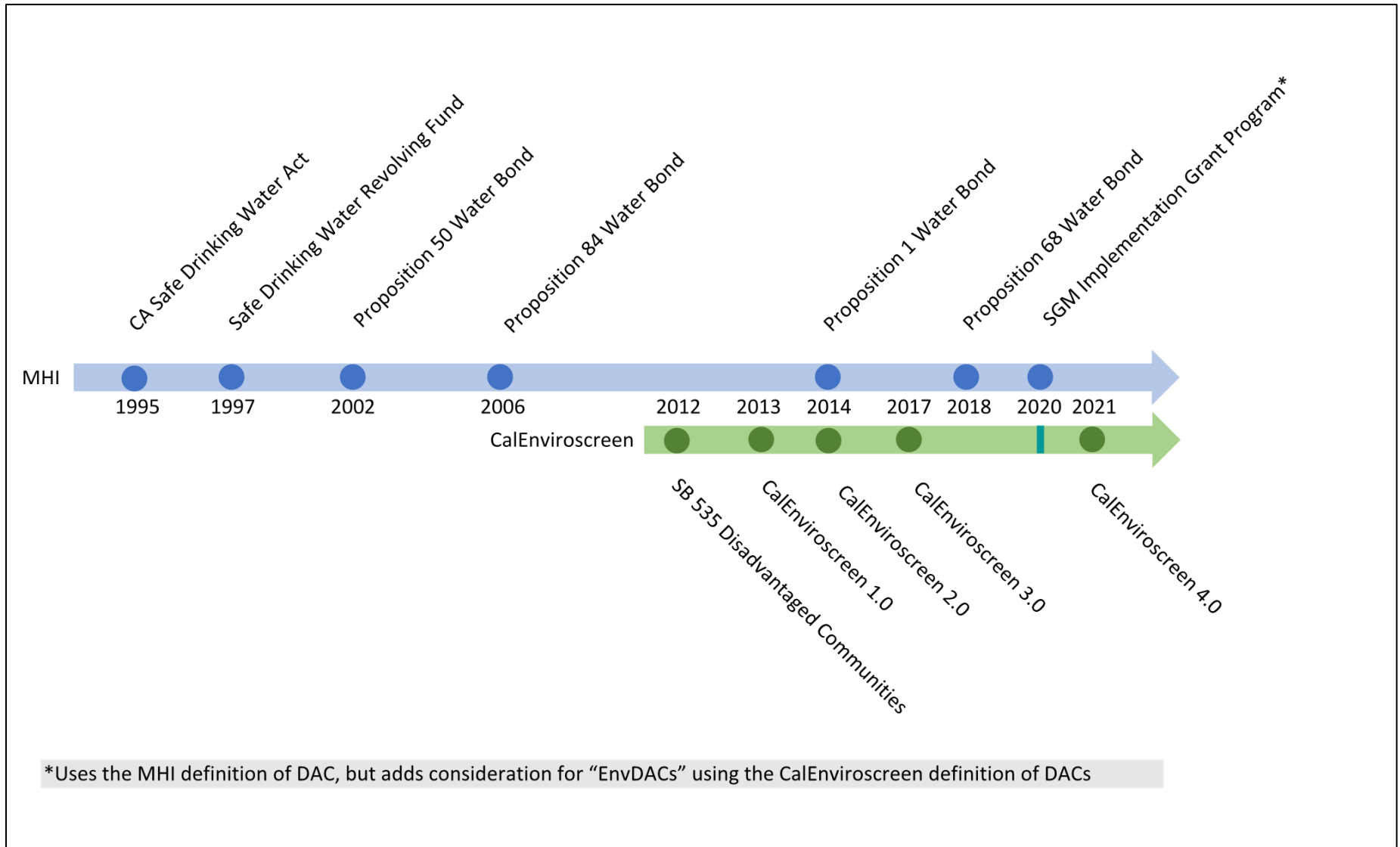
² See “Fringe Community” definition in Table 1.

- 1997: Safe Drinking Water Revolving Fund (part of Health and Safety Code) establishes the Small Community Emergency Grant Fund for DACs, SDACs, and small communities. Defines SDACs as communities with MHI less than 60 percent of statewide median.
- 2002: Prop 50/AB 1747 Water Security, Clean Drinking Water, Coastal and Beach Protection Act (part of CA Water Code) funds public water system projects through SWRCB and DWR; defines DACs as communities with MHI less than 80 percent of the statewide median.
- 2006: Prop 84 Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act funds a litany of water management projects; priority is given to projects benefiting DACs.
- 2012: SB 535 (part of Health and Safety Code) requires that 25 percent of the proceeds from the Cap-and-Trade Program (AB 32 2006) go to disadvantaged communities, which would be defined by CalEPA; adds language identifying communities disproportionately affected by pollution.
- 2013: CalEnviroScreen 1.0, developed in response to AB 32 and SB 535.
- 2014: CalEnviroScreen 2.0, used to administer SB 535.
- 2014: Prop 1 Water Quality, Supply, and Infrastructure Improvement Act funds IRWM grant program with funding allocated and cost share reduced for DACs and EDAs; uses DAC definition from CA Water Code (2002) and SDAC definition from Health and Safety Code (1997); defines "Economically Distressed Area," and does mention "underrepresented communities," but with no definition provided.
- 2017: CalEnviroScreen 3.0 (updated in 2018).
- 2018: Prop 68/SB 5 CA Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act funds, among other things, the SGM Grant Program; funding allocated for disadvantaged communities; also lays out technical assistance program for DACs and small communities.

2020: SGM Grant Program Implementation Guidelines first released funding guidelines to define URCs and Fringe Communities. Also appears to be the first DWR guideline to consider CalEnviroScreen DACs and distinguishes that category as “EnvDACs.” In its consulting role with DACs, DWR expanded coverage under the DACI program to include communities not covered by MHI, CalEnviroScreen, or both. DWR also outlines the new terminology in guidelines for its Urban and Multibenefit Drought Relief Guidelines (2021).

2021: CalEnviroScreen 4.0 adds criteria such as lead exposure in drinking water.

Figure 2 Visual Timeline



Preliminary Conclusions and Recommendations

Ascribing a specific technical definition to the term “Disadvantaged Community” and using it as legislative and program criteria has created an inconsistent approach to supporting communities in need. The lack of alignment between agencies is likely to complicate future programs and understanding of their impact. With new terms like “Underrepresented Community” emerging to encompass several community characteristics, the use of DAC as a euphemism for a specific characteristic is unnecessary. To remedy this problem, systemic and legislative change will be required and should include broad, yet uniform, criteria for defining underrepresented communities so that State agencies have the flexibility to be as inclusive and equitable as possible in their grant programs. More descriptive terminology, such as “low-income” for communities under a threshold for median income and “disproportionately-affected” or “environmentally vulnerable” for communities identified by CalEnviroScreen, better demonstrate how a community is qualifying for State assistance.

Federal guidelines have kept designations broad, likely to acknowledge that there are many ways in which communities can be disadvantaged and that programs should listen to and respect the needs of their beneficiaries. State agencies such as CalOES have similarly kept their criteria broad in their Hazard Mitigation Program and have provided opportunities for their applicants to justify why they are considered a “Disadvantaged Community,” and communities are now screened on a case-by-case basis. This may be a potential solution to having more inclusive criteria for defining underrepresented communities. DWR is also working to make programs more inclusive of underrepresented communities of all kinds and is not using a single criterion to describe diverse communities with unique needs.

Based on the findings of this research, DWR recommends the following actions to be taken by California State agencies:

- Retire the median household income definition of “disadvantaged community” from future legislation. MHI can still be a useful indicator of need but should not be the sole legal criterion for disadvantage.
- Adopt use of the capitalized term “Tribes” when referring to federally and non-federally recognized California Native American Tribes (see

Executive Order B-10-11; N-15-19) to acknowledge Tribal sovereignty and independence from DAC designations.

- Convene agency leadership to align statewide definitions and improve understanding of appropriate use of mapping tools and criteria.
- Encourage agencies to use more inclusive terms, such as “Underrepresented Communities,” and broader definitions to reduce confusion and increase alignment.
- Advise that future legislation use broader and uniform criteria when outlining designated funding. This allows for maximum flexibility for grant program guidelines to determine eligibility of applicants and projects and allowing for special considerations, such as cost share waivers.
- Monitor the definitions utilized in guidelines and requirements that are developed for future funding programs (both federal and State) to ensure alignment across agencies.

Through the conversations made possible by DWR’s DACTI program, communities have stressed the importance for greater inclusion in how they are designated in financial and technical assistance programs. Despite the department’s efforts, there remains substantial work to be done to equitably include underrepresented communities in its programs. As a result of discussions on the findings of this report and the DACTI Statewide Needs Assessment/Progress Report, DWR has identified additional areas of opportunity to guide future decisions on Tribal and underrepresented community involvement.

Additional recommendations for further State and local action include:

- Acknowledge Tribes as sovereign nations as outlined in EO B-10-11, in which Tribes should be considered independent of DAC designations and as such government entities should coordinate and develop partnerships with Tribes via government-to-government consultation to identify
- Tribal funding needs. This acknowledgement would further recognize the following:
 - Tribal governments based on federal recognition status, may or may not meet State or federal eligibility requirements and thus may require separate funding sources to meet Tribal needs as

outlined by EO N-15-19 and goals of the Truth and Healing Council.

- Support the need for direct Tribal funding as identified by Tribes through government-to-government consultation.
- Acknowledging community expertise and increasing their involvement in State programs by:
 - Supporting community attendance/time/travel to meetings and workshops through funding assistance and capacity grants (e.g., federal and State programs).
 - Recognizing the need for minimum set-asides for vulnerable communities, when appropriate.
- Establishing consistent and frequent listening sessions with vulnerable communities in tandem with agency listening sessions to stay apprised of barriers to accessing financial and technical assistance.
 - Consider/incorporate recommendations resulting from the listening sessions into future legislation and grant program guidelines and requirements.
 - Host workshops and conduct surveys to gather recommendations from communities to reflect their needs.
 - When possible, State, federal, or other hosting agencies to schedule these workshops during local community standing meetings (keeping in mind the gatherings could occur during non-typical working hours and weekends) or attend existing gatherings of vulnerable communities.

