

Water Sector Associations' Recommendations for a Permanent Federal Low-Income Household Water Assistance Program

April 2023



The need for a federal low-income household water assistance program has grown in recent decades as more and more American households struggle to pay the costs of rising bills for drinking water, wastewater and stormwater services (collectively water services). Given that utility infrastructure in this country is aging and expensive to replace, these challenges exist across the country in urban, suburban and rural areas alike.

The pressing need for infrastructure replacement, combined with the COVID-19 pandemic and the resulting economic crisis, brought this increasing water affordability emergency to a head in a dramatic and unprecedented way. Congress responded in December 2020 by establishing, via the Consolidated Appropriations Act of 2021, a temporary Low Income Household Drinking Water and Wastewater Assistance Program (LIHWAP). \$638 million was initially appropriated for this new program, which was housed at the U.S. Department of Health & Human Services (HHS) under the same office that implements the long-standing Low Income Home Energy Assistance Program (LIHEAP). An additional \$500 million was appropriated to the program under the American Rescue Plan Act of 2021, bringing the federal government's total investment in LIHWAP to just over \$1.1 billion. However, no additional funds have been appropriated specifically for LIHWAP since 2021 and the existing funding for the program is set to expire at the end of Fiscal Year (FY) 2023 on September 30, 2023.

Given a shared commitment to addressing affordability issues, and the critical need for federal financial assistance to low-income households for water services, five of the nation's leading water sector associations – the American Water Works Association (AWWA), the Association of Metropolitan Water Agencies (AMWA), the National Association of Clean Water Agencies (NACWA), the National Association of Water Companies (NAWC), and the Water Environment Federation (WEF) (hereinafter the “water sector associations”) – joined together to commission an independent report, authored by some of the nation's leading independent experts on water affordability and funding issues, to examine the current state of low-income water challenges in the United States and how much funding would be needed on an annual basis to support a permanent program. The report also outlines a series of options and pathways on how to structure a permanent program. That report accompanies this policy recommendation memo.¹

Based in part on the findings of the report, the water sector associations make the following recommendations to Congress and the Biden-Harris Administration.

- First, it is critical that Congress and the Administration move to establish and fund a permanent federal low-income household water assistance program as quickly as possible.
- Second, it is the considered judgment of the water sector associations that at this moment in time, the most viable and practical option to establish a permanent low-income program is by building upon the existing LIHWAP program at the U.S. Department of Health & Human Services.

While the report outlines a variety of different options for programs housed at different federal agencies, establishing a permanent federal low-income program at HHS via LIHWAP offers multiple advantages. Congress has already indicated support for such a program being administered via HHS by placing the temporary LIHWAP initiative there. While there have been mixed results across different states regarding the efficiency and reach of the current LIHWAP effort, keeping a permanent program at HHS can leverage the lessons learned through the rollout of the COVID-19 emergency LIHWAP effort. It would also allow states that have had positive experiences with LIHWAP to keep their program going, while at the same time creating opportunities to improve the program where there have been shortfalls – all while not having to start from scratch and “reinvent the wheel.”

Another critical benefit is that fashioning a permanent program from the foundation of the current LIHWAP better ensures that federal funds flow to specific low-income water customer accounts in much less time than developing a brand-new program at an agency that has not historically administered

¹ The report was intended to be an independent publication and its conclusions and recommendations reflect those of the independent authors and not the water sector associations.

social service programs. This will help make sure that these accounts remain current – and do not fall into arrearage and potentially find themselves at risk of service interruptions. From the perspective of the water sector associations, it is vital that the structure of any permanent low-income program guarantee that the funds go specifically to the utility accounts of the customers who they intend to help – namely those who otherwise may not be able to afford these essential services for public health and well-being.

If a permanent program is housed at HHS as an extension of existing LIHWAP efforts – along the lines of the “LIHWAP 2.0” option outlined in the report – there are a number of critical elements that Congress and the Administration must get right.

First, LIHWAP must function as its own unique office with dedicated staff, separate from LIHEAP. While there are commonalities and efficiencies that can be realized across the two programs – one of the benefits of housing a permanent program at HHS – it is critical that water have its own program office structured and dedicated to this distinct sector.

Second, HHS must work closely with the water sector associations and the broader water sector as a whole – especially utilities – to better understand how the water sector is unique from the electric and gas sectors so that a permanent LIHWAP program can operate more efficiently with water utilities and customers. The current, temporary LIHWAP program was modeled after LIHEAP to get funds out the door as quickly as possible during the pandemic – however, there are important modifications that must be made with a permanent water program to better fit the structure of the water sector.

Third, annual appropriations for a permanent LIHWAP program must be provided in addition to and separate from LIHEAP program funding. Each program offers crucial financial support to low-income households for vital needs, and funding for a permanent water assistance program must be additive to what is required for LIHEAP, not in competition with it.

While the water sector associations have a strong preference at this time for a permanent low-income assistance program to be housed at HHS and to build off the existing LIHWAP foundation, we note that Congress has also authorized a low-income program at the U.S. Environmental Protection Agency (EPA). As part of the Bipartisan Infrastructure Law, Congress authorized the establishment of the Rural and Low-Income Water Assistance Program Pilot Program at EPA and has appropriated \$3 million to the Agency to assess the scale of national low-income water needs.

However, because Congress has not appropriated any funds to date for program implementation, and framed it as a “pilot” program, the water sector associations conclude that building a permanent program upon the established framework of LIHWAP at HHS is the best path forward at this time. At the same time, should policymakers decide that EPA is the appropriate agency to operate such a program, we would be happy to work with Congress to achieve that goal and believe such a program could be successful.

Regardless of where a permanent federal low-income water assistance program is housed, it is critical that Congress and the Administration have information regarding the annual appropriations that will be needed to sufficiently fund such an effort. The independent report commissioned by the water sector associations conducted a water affordability needs assessment and found the total current annual need for a federal water assistance program to range between \$2.4 billion and \$7.9 billion depending on how the income thresholds for program qualification are structured and the goals for program reach. EPA is also beginning the process of conducting its national needs assessment, the outcome of which will provide another important data point to this discussion. While the water sector associations are not currently recommending a specific annual authorization level for a permanent program, we believe it should not fall below the lower range of need identified by the report.

Meanwhile, while Congress is considering how and whether to design a permanent low-income water assistance program, we support calls made by some lawmakers to provide the current LIHWAP with an additional \$1 billion for FY24. This will ensure that the program continues to help low-income households maintain essential water service while the appropriate scope of a permanent program is debated.

The water sector associations appreciate the increased attention that the need for a permanent federal low-income household water assistance program has received in recent years and are grateful for the work that Congress and the Administration have done to date to establish a temporary program that has shown effective proof of concept. We look forward to further work with Congress, the Administration and a broad array of other stakeholders to establish a permanent program that will help to further address the growing crisis of water affordability throughout the United States and ensure all Americans have access to essential water services.