

# Building a Federal Water Assistance Program: What can we learn from federal programs that protect low income families

Sept 10, 2020 Zoom Call

## Introduction

The 2020 Aspen-Nicholas Water Forum virtual sessions are exploring what constitutes good water governance through the lenses of water affordability and equity. While this topic was chosen prior to the COVID-19 pandemic, the last several months have brought to light deep, systemic fault lines in our society. The pandemic has revealed and exacerbated health and financial disparities across racial, gender, and geographic lines. The first virtual session focused on exploring the impact of the pandemic on urban water utilities, particularly the challenges of long-term household affordability and the financial resilience of utilities. The second session focused on the unique water affordability and equity challenges in rural communities, colonias, and tribal nations. This third session explored federal assistance programs in food, energy, and taxes that have been developed to assist low-income Americans struggling with poverty.

The federal government has a long history of providing government subsidies that help offset the costs of everything from food, heating, health insurance, and housing so that families in need can save their resources to further their own economic growth. While water and wastewater services are essential to the public health and well-being of people and communities, there is no federal water assistance program for water. Local water and wastewater utilities often have to design and implement their own customer assistance programs within the constraints of local and state policies. This means a well-designed program created by one utility may not be directly transferable to another utility, creating immense upfront costs in designing, testing, and implementing such programs. Many local utilities may simply lack the capacity to create and implement a customer assistance program.

Now may be the window of opportunity to create a federal water assistance program for households as the pandemic has brought to the forefront of public attention the incredible importance of water for public health and well-being, as well as the disproportionate impact of lack of access to safe and affordable water services by communities of color. COVID-19 did not create the water affordability and equity crises, but it has certainly brought them into further relief. Diverse stakeholders—from equity advocates to water utilities—are calling for the creation of a water affordability program as part of any future federal COVID-19 relief and recovery packages. Indeed, 79% of participants at the third meeting of the Aspen-Nicholas Water Forum agreed it is the government's responsibility to ensure the basic needs of food, water, and shelter are provided to all people (see poll 1).

### Poll 1: Does America prosper when all people have their basic needs of food, water, and shelter met?



## Overview of Three Federal Programs

The session explored three federal programs designed to support families in poverty, with an eye towards their greatest successes, failures, and potential to meet the needs of the water community:

- (1) Low Income Home Energy Assistance Program (LIHEAP)
- (2) Supplemental Nutrition Assistance Program (SNAP)
- (3) Earned Income Tax Credits (EITC)

### Low Income Home Energy Assistance Program (LIHEAP)

LIHEAP was created in 1981, as part of the Crude Oil Profits Windfall Tax Act, to address concerns about the rising energy prices of the 1970s. LIHEAP is administered through the Department of Health and Human Services with funds for the program appropriated annually by Congress. The appropriation of annual funds has made partnerships with non-profit organizations, such as the National Energy and Utility Affordability Coalition (NEUAC), incredibly important as these organizations advocate for funding from Congress. They act as a conduit bringing data and personal stories to policymakers to ensure the programs and allocations meet the needs of vulnerable and low-resourced communities. In 2019, Congress authorized \$3.69 billion for LIHEAP, providing assistance to an estimated 5.4 million households. Nonprofits play a critical role in advocating for funding and policies that benefit those struggling to afford energy. They also play a critical role in the implementation of LIHEAP within communities. While LIHEAP is designed to assist low-income households with their home energy needs, there is immense flexibility in how those needs are met. LIHEAP is a block grant that the federal government provides to states and tribes; giving states and tribes the flexibility to design programs that best meet the needs of their communities. Consequently, there is variability around eligibility for assistance, as well as whether funding can be used to weatherize homes to make them more energy efficient, provide direct bill assistance, and/or provide home repairs. Often, states rely on local organizations and nonprofits to help identify and administer the programs within their communities. Many nonprofits may raise additional funds to supplement the financial support necessary to meet energy needs.

## Supplemental Nutrition Assistance Program (SNAP)

SNAP, formerly known as the Food Stamp Program, is a federal program administered by Department of Agriculture. The first food stamp program in the United States was implemented during WWII to meet the immense need created by the war. The program ended in 1943 when the need and widespread unemployment ceased to exist. Pilot food stamp programs began again in the 1960s culminating in a nationwide Food Stamp Program in 1974. The 2008 farm bill renamed the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP). SNAP helped 18 million households in 2019 at a cost of \$55.6 Billion. SNAP is a federal entitlement program, which means that the program grows and shrinks with need, as did the original program during WWII. The flexibility of the SNAP program rests in its ability to allow families to move on and off the program as their need changes. While SNAP is the bedrock of our nation's federal nutrition safety net, there are additional programs that support senior citizens, children and schools, and emergency food banks.

## Earned Income Tax Credit (EITC)

The EITC was enacted in 1975 to provide tax credits for low-income working Americans. The original EITC has expanded tax credits on multiple occasions to promote and support work. Often, EITC results in refunds, averaging \$2,476 in 2019, representing a significant amount of money for families earning between \$10,000 and \$24,000 annually. However, the benefit has been reduced while incomes have remained stagnant and the costs to meet basic needs have grown. In 2019, 25 million taxpayers received about \$63 billion in EITC. In 2018, this kept an estimated 5.6 million people above the poverty line, including children. The program has a high usage rate, with 4 out of 5 people eligible for the program claiming their tax credit. Currently, 29 states, plus DC and Puerto Rico, have created state tax credits to further assist families. EITC is similar to SNAP in that the program contracts and expands with need. However, in a recession, as during COVID-19, EITC tax have reduced or no benefits to households that have lost their jobs and struggle with unemployment over a long period because they depend on income.

## What are some of the most successful elements of these programs?

**LIHEAP** has done a tremendous job identifying vulnerable populations that spend the highest proportions of their income on energy. Targeted vulnerable populations are low-income houses that have elderly members, disabilities or illness (particularly if they require life-saving equipment reliant on energy), and children under six years old. These populations are the most vulnerable to energy disruptions or temperature extremes. Black households experience energy disconnections twice as much as other households and there is a significant need for LIHEAP to improve awareness around and access to its services for Black families especially. LIHEAP has also been successful in giving states the control and flexibility to administer programs that are tailored to best meet their particular needs and climates. This flexibility has allowed for the development of multiple approaches that lower energy usage and address the affordability of energy bills.

**SNAP** benefits greatly from being a federally entitled program; meaning the program is nimble and can grow and shrink depending on the need. Perhaps one of the most important successes of SNAP is its work with other programs that are helping families in poverty and its ability to leverage and build a network of support, as seen through the development of programs that feed, protect, and help children before, during, and after school (see SNAP for School box). Food is essential for life and is often a key

component in building relationships, allowing SNAP to create unusual partnerships for the broader health and well-being of vulnerable populations.

## SNAP for School

There has been a tremendous cultural shift around the provision of meals for children in low-income households before and after school. Initially, the mainstream thinking was that households should be providing meals outside of school and there was not a need for additional assistance. However, advocacy groups began collecting data that showed children who ate a good breakfast were able to perform better in school. As a result, schools began piloting programs to offer breakfast in cafeterias before school started, though attendance was initially low as lower income students looked to avoid the stigma associated with poverty and thus avoided being among those in the cafeteria before school. The pilot consequently adapted to offer breakfast after school started or to include breakfast for all students. These shifts resulted in greater participation in the program, improvements in grades, and fewer absences.

The success of these programs has led to the development of additional school programs. There are now after school snacks and supper programs. These programs started from an alliance with another organization that was interested in teen pregnancy prevention. The peak time for bad teen behavior is between 3 pm and 7 pm, so this coalition built an after school program that provided food as the initial main attraction for participation with the slogan: “if you feed them, they will come.” and the mission of bringing students to a safe, supervised environment. The other partners built additional programs that provided tutoring, SAT preparation, and so on and those with access to the program experienced improved health and educational outcomes.

**EITC** has had tremendous success in reaching the majority of households eligible to receive help and has done particularly well reaching families of color. EITC has been linked to research showing that tax credits are associated with better school performance, health, retirement security, and so on. There are tremendous benefits in a system that helps to keep families above the poverty line.

## What are some of the biggest failures for these programs?

**LIHEAP** was born out of public outrage to media coverage that revealed people dying in their homes from exposure during the fuel crises in the late 1970s and early 1980s. It is a failure of the system that people had to die before the government acted. Currently, the biggest failure of the program are the immense costs inhibiting families from even enrolling in it. A household in poverty is a household in crisis. Yet, families are required to assemble and provide a stack of paperwork to prove their income, identity, and number of people in their household. This usually requires a household to pay for copies of their birth certificates, to pay a bus fare, or for single parents to bring their sick kids with them, for example. All of that has a cost and the cost may simply exceed the benefit for some families. LIHEAP must reduce the cost of the application and streamline the process to make it more widely accessible. One way LIHEAP is doing this is by creating a reciprocal relationship with SNAP such that if a household is part of SNAP, then they are eligible for LIHEAP. This criterion of eligibility is contingent on state eligibility requirements. Automatic eligibility is something many federal poverty programs are seeking in

order to reduce the administrative costs associated with the program and to lessen the burden on families in need.

**SNAP** has been criticized for offering a sub-therapeutic dosage to ease the symptoms of hunger without addressing the disease of food scarcity. The SNAP allotment is based on the assumption that families are cooking food from scratch, which is not the norm in today's society. There is an effort to increase the SNAP benefits to households so that they can purchase a nutritional diet. An increase in SNAP benefits is becoming increasingly important as the price for basic necessities, such as groceries continues to rise, particularly during the pandemic. Another challenge with SNAP and the provision of nutritional programs for children is that each program operates individually. A child fed before, during and after school belongs to three separate programs, each with different rules and eligibility requirements. Similar to LIHEAP, this bears a cost to the family as well as to the schools and communities offering these programs. The ideal program would provide seamless meal service and would maximize dollars going to feeding kids, rather than paying administrative fees.

**EITC** eligibility excludes immigrants and their families as individuals without a social security number, or who file taxes with individual tax numbers, are not eligible for EITC. This exclusion increases hardship for immigrants and disproportionately impacts communities of color. Currently, two state EITC programs have ended this exclusion for state credits (CO and CA is in the process). There is a desire for the federal program to allow immigrants to receive EITC.

## What are the implications for a federal water assistance program?

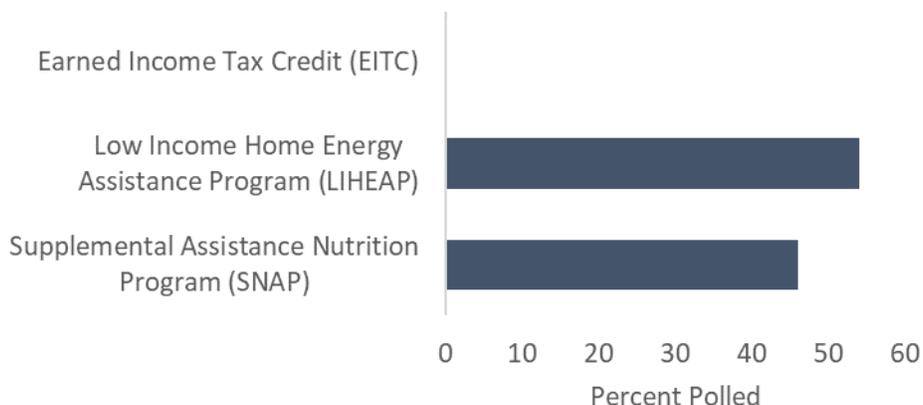
The U.S. water system, unlike its food and energy systems, consists of over 50,000 water and 18,000 wastewater providers. While the federal government does provide financial assistance to water and wastewater utilities through state revolving funds (SRFs), they do not provide assistance for individual households. Instead, local utilities may develop customer assistance programs. However, these programs can be hindered by local or state policies, structural barriers, and limited capacity (see Great Lakes Water Authority Customer Assistance Program box).

### Great Lakes Water Authority Customer Assistance Program

The Great Lakes Water Authority (GLWA) serves nearly 4 million residents across eight counties. The GLWA wanted to create a sustainable funding source dedicated to providing water assistance to households. They committed 0.5% of their annual revenues to that customer assistance program and worked with a third-party provider already connected with and helping those in poverty. GLWA allows for universal qualification and streamlined eligibility requirements. One of the challenges has been that agencies working to address poverty are often city or county-based and since GLWA serves over eight counties, it requires partnerships between multiple agencies with varying capacities. Another challenge has been that GLWA made it optional for utilities to participate in the customer assistance program. They have found that smaller utilities do not have the capacity to connect with a third party provider to administer the program. GLWA is continually modifying the program. One of the largest challenges has also been that they cannot repair rental properties with leaky toilets, which often create the highest bills. A single integrated federal program to address basic needs could help streamline bureaucracy and allow for a more direct service model.

Participants were asked to consider which of the three programs discussed might best meet the needs of a decentralized water community. Participants were divided as to whether LIHEAP or SNAP might most closely resemble an ideal federal water assistance program (see poll 2).

### Poll 2: Which program most clearly resembles an ideal federal water safety net program?



Some components to consider in developing a federal water assistance program include:

**Strive for Federal Entitlement.** A federally entitled water assistance program, like SNAP, would allow the amount of money available to assist low-income families with affording their water bills to grow and shrink with need. This model contrasts with LIHEAP, which must appropriate funds annually and consequently, the need can exceed the money available for assistance.

**Streamline Eligibility.** Reduce the cost for families to apply for water assistance and include automatic eligibility if a household is already part of SNAP, LIHEAP, or other federal programs providing assistance to those in poverty. This feature may be incredibly important for water, given many water providers do not have individual meters for multi-family homes and struggle to locate and reach those eligible for customer assistance programs. For example, DC Water automatically enrolled customers who qualified for LIHEAP into their basic customer assistance program.

**Make the Benefits Worth the Cost.** There is a cost to accessing assistance programs. The benefit of the program must exceed the cost of applying for the program. For example, DC Water attempted to expand their program to reach customers not served by LIHEAP and had minimal participation. One reason may have been that the additional assistance was not worth the time and cost to participate.

**Form Partnerships.** Water utilities do not need to implement assistance programs (see Great Lakes Water Authority Customer Assistance Program box). For LIHEAP, nonprofits implement the assistance program on behalf of energy utilities. These nonprofit organizations know the communities that they serve and are familiar with how to best help families struggling with poverty. There is immense opportunity for a federal water assistance program to work with already existing programs and partners to streamline and leverage resources to maximize the benefits to the community. Indeed, unlikely

partnerships that expand goals can lead to creative and holistic outcomes (see SNAP for school box). Being creative in partnerships and forming unusual alliances will draw support from city, state, and federal governments. One opportunity may be to partner with SNAP. SNAP has an effort to include a glass of water on the [MyPlate brochure](#) alongside the glass of dairy. Adding a glass of water on every child's placemat would be a great way to elevate the importance of water for children's health. This could be an especially powerful message in schools where students cannot drink from the fountains because the water is unsafe.

**Tailor to State and Local Conditions.** A federal water assistance program would benefit from having flexibility in deciding how funds are spent to best meet the needs of their communities to prevent high bills (often a comorbidity with old homes and leaking toilets or pipes) and address the inability to pay bills. States could pilot several implementations of a federal water assistance program to see which strategies are most effective. Simultaneous pilots could allow for rapid learning across the sector.

**Design for Equity.** Similar to energy, water disconnections disproportionately affect households and communities of color. A federal water assistance program will need to be designed and implemented with the goal of addressing these inequities. A federal water assistance program could also identify those populations most vulnerable to disruptions in water services, particularly those households with children that might be removed from the household when water is disconnected (see Addressing structural racism box).

**Communication.** There needs to be clear, consistent communication around the federal water assistance program to create buy-in and reduce stigma. Advocacy for a federal water assistance program should be tailored towards both parties to develop bi-partisan support. The communication strategy should involve (1) a data story and (2) a personal story. For example, in one community outside of Pittsburgh, more than 80% of people in a town had their water shutoff and schools used mobile shower units so children could shower. These types of stories are powerful and can create passion in the public and in Congress to drive change.

## Addressing Structural Racism

How can a federal water assistance program address the structural racism created at the state and local level that has resulted in disproportional access to water within and across communities? These disparities exist across the water, energy, and food sectors. The 2019 pre-pandemic SNAP numbers showed indigenous populations and communities of color were double that of the rest of the country. COVID-19, along with heightened racial awareness and Black Lives Matter activities, have further exposed the economic and racial disparities in this country. There is widespread media and public attention that must be harnessed and mobilized to drive concrete actions that address and repair these inequities. All of us who have certain privileges, must use those privileges to amplify the voices of others. We must broaden access to decision-making tables so that those without political power can create change. This may look like bringing clients to conferences or to Congress to lobby with their own voices or engaging with clients and helping them to assume leadership roles at the local and national levels. We must build the scaffolding for them to expand from storytellers to leaders with influence. It is important for us to create solidarity and form deep partnerships with communities experiencing poverty and deep racial injustice.

## Will a federal program assisting households with their water bill affect the funding that the federal and state governments already provide to assist utilities?

The water industry has typically used federal assistance to subsidize the cost of infrastructure required to meet regulatory requirements to provide safe, reliable drinking water and sanitation. Would an additional subsidy to the household divert federal assistance to subsidize water infrastructure? The viewpoints articulated in the meeting were that there is money available, but water has not been a high priority in federal spending. As one participant noted, the Atlanta airport alone received \$300 million in stimulus funding during the pandemic while water utilities received \$0. There is money available, but there is an underinvestment in water. The percent of the federal budget dedicated to anti-poverty programs is small.

Another participant noted that the job of those advocating for public assistance is not to determine where the money will come from, but it is to state a need and make that need a priority. It is the governments job to find the money to fund their priorities. Every time there is a crisis or a disaster, money is found to provide aid. In short, make the case for a federal water assistance program, build a big coalition, and elevate your case to national priority.

The time is right to pursue a federal water assistance program. Water is clearly tied to public health, as a key component in reducing illness, and its importance has been highlighted during the pandemic, as unemployment grows. This has created a unique window of opportunity to generate bi-partisan support for a federal water assistance program.

## Key Takeaways from the Chat Box

- The issue of children not wanting to be identified as in need and therefore was a barrier to participating in the breakfast program is the same for families, particularly in small systems not wanting to tell the person in the utility customer service organization they need help. An independent organization that can pay directly to utilities on behalf of individuals is very important. Also, if we are advocating for a national water assistance program, and cross qualification - why not with a single agency to reduce the bureaucracy? What are the barriers to that - i.e. can one of the existing programs be expanded?
- Universal income could go far to address all these issues in one fell swoop.
- A third option is generating more revenue from water customers who can afford it.
  - One impediment is the fact many states have some sort of prohibition against cross-subsidization. Removing those barriers may be necessary in some instances.
  - Those prohibitions against cross-subsidization were designed to ensure people were not charged higher amounts for the same water. An unintended consequence, like the unintended consequences of community public health outcomes when those who can't afford water are denied service.
- I think Congress has mostly considered a program either based very closely on LIHEAP or one that is direct assistance to utilities to set up their own customer assistance program. To my knowledge there has not been a conversation about state exemptions or pass-throughs yet
- Unfortunately I believe leaving utilities on their own to administer an assistance program will be limited by the same structural barriers utilities of limited capacity already have.
  - I agree, in Southeast Los Angeles, community members do not trust their water or their water providers due to the lack of transparency and inclusion. If the water utility were

to fully handle the assistance program, I doubt there would be appropriate outreach and participation

- If folks are interested in some of the discussion in CA there's more here:  
[https://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/assistance/](https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/)