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Low-Income Household Drinking Water and Wastewater Emergency Assistance Program

Introduction

On December 21, 2020, the U.S. House of Representatives and U.S. Senate passed a massive legislative package that included all twelve FY2021 Appropriations Bills, COVID-19 relief legislation, the Energy Act of 2020, and the Water Resources Development Act of 2020, as well as other legislative provisions. This \$2.3 trillion package is titled the *Consolidated Appropriations Act of 2021* ([H.R. 133](#)). For background information on H.R. 133, please see [TFG's Special Report](#).

This brief provides detailed information on the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program authorized by Section 533 of the COVID-19 relief portion of the package.

Background

The legislation provides \$638 million in funding to the U.S. Department of Health and Human Services to administer grants to states and tribal governments to forgive overdue water and wastewater utility bills in low-income and financially distressed households during the pandemic. Early legislative proposals for the program called for a total of \$1.5 million in assistance.

The funding shall be used to “assist low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services, by providing funds to owners or operators of public water systems or treatment works to reduce arrearages of and rates charged to such households for such services.” The program represents the first federal water-bill assistance program.

Allocations of funding to states and tribes will be based on the following:

- The percentage of households in the state with income equal to or less than 150 percent of the federal poverty line; and
- The percentage of such households in the state that spend more than 30 percent of monthly income on housing.

A prohibition on shutting off water and wastewater service to households during the COVID-19 pandemic had been included in earlier versions of legislation authorizing the program. However, the shutoff prohibition was

removed from the final bill and there are no requirements for utilities to enact water shutoff moratoriums as a condition of using the funds.

How to Access the Funding

Overall, the legislation itself does not provide much direction or specifics on how HHS, states and tribes, and individual utilities shall distribute the funding. The bill encourages the use of existing processes to distribute the grant funds but it does not specify which processes, nor does it identify any mechanisms for distribution of the funding beyond the states. HHS will need to determine how the department plans to allocate the funding to the states and tribes. Once that process is set, the granting state and tribal agencies will then in turn have to determine how they will administer the funding to the individual utilities. At this point, it is unclear if the funding will be distributed automatically to water and wastewater utilities, if they will need to apply for the funding directly, or if they will apply on behalf of individual households. There is also the possibility that the utilities will need to develop their own guidelines to determine which customers shall receive the relief.

One approach HHS may take when determining how to distribute funding under the new program is utilizing existing procedures in place for the Low Income Home Energy Assistance Program ([LIHEAP](#)). The following [2018 fact sheet](#) from HHS' Administration for Children and Families provides additional details on LIHEAP and insight in to how the new emergency water bill program may be structured if LIHEAP is viewed as guide for distribution. If LIHEAP processes are followed, HHS would send the new water utility funding to the state agencies identified under the LIHEAP program who would then distribute the funding to local LIHEAP offices and agencies.

Text of Section 533

The following is the text of Section 533 which can be found on [page 466 of the bill text](#):

SEC. 533. For an additional amount for “Department of Health and Human Services—Administration for Children and Families— Children and Families Services Programs”, \$638,000,000, to prevent, prepare for, and respond to coronavirus, for necessary expenses for grants to carry out a Low-Income Household Drinking Water and Wastewater Emergency Assistance Program: *Provided*, That the Secretary of Health and Human Services shall make grants to States and Indian Tribes to assist low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services, by providing funds to owners or operators of public water systems or treatment works to reduce arrearages of and rates charged to such households for such services: *Provided further*, That in carrying out this appropriation, the Secretary, States, and Indian Tribes, as applicable, shall, as appropriate and to the extent practicable, use existing processes, procedures, policies, and systems in place to provide assistance to low-income households, including by using existing programs and program announcements, application and approval processes: *Provided further*, That the Secretary shall allot amounts appropriated in this section to a State or Indian Tribe based on the following (i) the percentage of households in the State, or under the jurisdiction of the Indian Tribe, with income equal to or less than 150 percent of the Federal poverty line, and (ii) the percentage of such households in the State, or under the jurisdiction of the Indian Tribe, that spend more than 30 percent of monthly income on housing: *Provided further*, That up to 3 percent of the amount appropriated in this section shall be reserved for Indian Tribes and tribal organizations: *Provided further*, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.